

## Soviet fighter's gunfire caused deaths in Korean airliner

Passengers in the South Korean airliner which forced down on an ice-covered lake in northern Russia on Thursday said yesterday the two who died had been killed by gunfire

from a Soviet fighter plane. Another 13 passengers were wounded by the intercepting MiG's strafing. Yesterday the passengers left Helsinki by air for Seoul.

### Russians still detain pilot and navigator

Mr. Colleen said: "We were all treated very well by the Russians, and I have no complaints except that we were not allowed to contact our relatives. Otherwise the Russians were courteous and kind."

He said the pilot's landing on a frozen lake after being forced down was miraculous, and all the passengers praised the pilot.

After the first soldiers came, helicopters arrived that lifted the wounded and then the others from the dark, snow-covered forest area in the nearest road. From there the vehicles took them to Kem, the nearest Karelian town.

The passengers were housed in a comfortable club and in a school, Mr. Colleen said. Wounded passengers were taken to a hospital. Later the passengers and the crew were transported to Murmansk.

The relief flight had to be arranged by the Americans because South Korea has no diplomatic relations with the Soviet Union. A Pan-American Airways flight was flown on Sunday from Berlin to Murmansk via Leningrad, where it picked up an American Consul and Russian interpreters and guides.

After a nervous wait in Murmansk while the Americans tried unsuccessfully to arrange the release of the Korean captain and navigator, the aircraft was able to depart for Helsinki

where it arrived at 4.15 am yesterday.

From Helsinki airport most of the relieved passengers were taken to luxury hotels. Nine passengers were taken to hospitals, but they were able to leave Helsinki with the others yesterday afternoon for Seoul.

Mr. Juan-Claude Barel, a French businessman said that the aircraft, dropped from 30,000ft to 6,000ft in less than five minutes.

"Then I saw a MiG on the right side. I heard what I thought was an explosion but it was the MiG firing on us. The bullets hit the rear of the plane."

"The rear half of the plane slowly filled with something looking like fog. There was great confusion for a moment. Then the captain managed to regain stability and kept flying until he found the lake to land on. That was one and a half hours after being shot at."

Mr. Oram said that in Kem the captain told him that the compass was inaccurate after about four hours from our departure from Paris. He said he knew the plane was off course when he saw islands. He said we were supposed to fly over the Arctic ice where there are no islands.

Conventional navigation: The Korean Boeing 707 did not carry the INS computer system used to keep aircraft on course despite magnetic pole interference, a spokesman for the Korean airline said in Helsinki today—Reuter.

Seoul: South Korea tonight asked the United States and Japan to negotiate with the Soviet Union for early release of the pilot and the navigator.

Michael Binyon writes from Moscow: The whereabouts of the South Korean pilot and navigator remain unknown.

The United States Embassy here, which looks after the interests of South Korea in the Soviet Union, said the men were believed to be still near Murmansk. The embassy said it was concerned about their detention. It had understood that the Soviet offer to let an American aircraft fly the survivors to Helsinki had meant that the whole crew could leave, a spokesman said.

The Russians evidently intend to question the two men closely.

The Russians have said nothing about the whole affair beyond a brief announcement by Tass on Friday that the aircraft had violated Soviet air space and had landed on a lake after being intercepted. No mention was made of any casualties.

Prime strategic area, page 6



Mr. Benson Cohen (left) and Mr. William Howard, the two British passengers in the Korean airliner, seen at Helsinki airport yesterday.

## Pope says he is hopeful of 'save Moro' plea

Peter Nichols, April 23: Pope today told the gathered in St Peter's for his blessing that he was so far a reply to the letter to the Red Brigades yesterday, gave reason to hope that Signor Aldo Moro, the kidnapped former Minister, might still be alive.

His letter he had told the press: "I beseech you on behalf of Aldo Moro." Pope wrote this letter in his handwriting on Friday. He dispensed in it with formality, using the first singular and clearly the "men of the Brigades".

Pope's unprecedented move was warmly welcomed. Signora Eleonora Moro, pressed gratitude for it, when in open conflict with the Christian Democratic Party its first decision not to state with the kidnappers.

This decision is still maintained although the party is now ready to allow the Roman Catholic humanitarian organization Caritas to attempt an independent mediation.

Fresh flowers and photographs of the murdered bodyguards today marked the place in Via Fiumi where Signor Moro was captured over a month ago.

This year's May Day in Italy will be dedicated to the "fight against terrorism". The country's three main trade union confederations announced.

David Watts writes from Cairo: The Egyptian police say that they have broken up a ring of European and Arab terrorists which had links with the Italian Red Brigades.

Among the 20 people held are a German man and a Swiss woman. Those captured are said to have admitted links also with Palestinian extremists.

## apu guerrillas executed in attack on leader

Lawrence Puskas, April 23: Members of Mr Joshua Nkomo's Zambian-based guerrilla force were executed at here last week for the assassination of Mr Nkomo's son, Mr Nkomo Mangena, the commander of Mr Nkomo's Zambian wing of the Patriotic Front, according to sources.

Mangena, who is now being treated in the Soviet Union, suffered multiple bullet wounds and lost a finger in the attack, which occurred at a villa camp about 20 miles from Lusaka last month.

It would be assassins were guilty in an investigation by the military, but not before they had killed others in the plot, sources said.

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Although token gestures were made by the political leadership to give the guerrillas more say in decision-making, relations with the military have degenerated to such an extent that Mr Nkomo's leadership itself could be in danger.

Immediately after the shooting of Mr Mangena, the would-be assassins sought and were granted refuge at Mr Nkomo's Lusaka home.

Zanu denial: The Zimbabwe African National Union (Zanu) denied a report in The Times on Saturday that three top men of the guerrilla group had been found guilty in Mozambique of plotting to overthrow Mr Robert Mugabe, its leader—Reuter.

## Chairman of Lancashire police body steps down

Mr Frank Lofthouse, chairman of the Lancashire police authority, has stood down after allegations that he tried to pervert the course of justice.

Mr Stanley Parr, who was dismissed last year as Chief Constable of Lancashire after being accused of showing favouritism over police prosecutions, has alleged that approaches were made to him by Mr Lofthouse.

Mr Lofthouse has denied the allegation but said he would not defend himself until inquiries were resolved.

Mr Parr said yesterday that he was approached by Mr Lofthouse, who asked him to see what he could do about charges being made after a fatal motor accident.

Mr Parr was referring to a case involving a woman driver, aged 20, who killed two women in a road accident. The driver was originally charged with dangerous driving, but was later charged with careless driving and acquitted in court.

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## Government hint of action to cut higher tax rates

The Government seemed to be signalling its willingness yesterday to concede a reduction in the highest rates of income tax (our Political Editor writes). Mr Harold Lever, Chancellor of the Duchy of Lancaster, the minister with special responsibility for small businesses, stated on television that correction of the highest tax rates was "overdue" and that reduction was "the number one priority" for future action by the Chancellor of the Exchequer.

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## Speaker helps an MP

The Speaker has helped a backbench MP who wishes to compile a list of parliamentary questions that government departments refuse to answer. He has suggested a tactic for discovering whether there have been any changes since 1971-72.

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## Progress on Namibia

Dr Owen last night met the foreign ministers of four Western nations to formulate a joint answer to South Africa's request for "clarification" on their proposals for Namibia (South-West Africa). The South African Cabinet is holding a critical meeting on the proposals tomorrow.

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## Vance talks end with hope for Salt pact

Mr Vance, the American Secretary of State, flew to London from Moscow after talks which brought a strategic arms agreement between the two superpowers. The atmosphere at his departure seemed to mark the end of Russian suspicions that the Carter Administration was deliberately dragging its feet in this area.

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## Nuclear waste warning

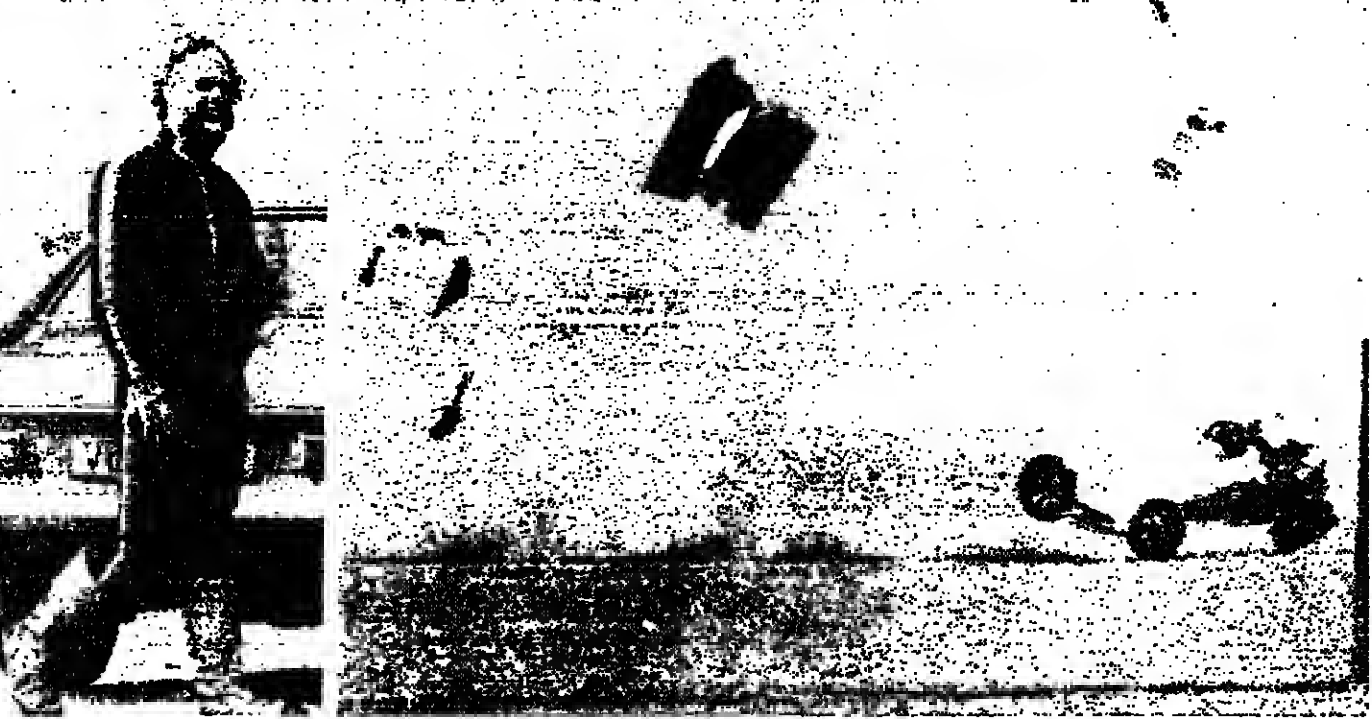
Professor Edward Radford, chairman of the American National Academy of Sciences advisory committee to the United States Government on the effects of ionizing radiation, has suggested more stringent safety standards covering the release of effluent from plants reprocessing waste nuclear fuel.

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## Likely Kadar successor

Mr Karoly Nemeth, a Hungarian Communist Party secretary has been given over responsibility, according to sources, to make him a likely successor to Mr János Kadar, the party leader. He took over responsibility for party administration from Mr Bela Biszku, who retired at the age of 57.

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Crash ends speed attempt: Mr Barry Bowles (left) walking away without serious injury after his rocket-propelled car, "Blonde Bombshell" (right), crashed at 280 mph during an attempt on the British land speed record at Pendine Sands, Dyfed, yesterday. Mr Bowles, aged 32, suffered minor cuts and bruises. The car went suddenly out of control and turned over. Mr Bowles, who was strapped in, travelled more than 200 yards upside

down as it passed through the one kilometre timing markers and then swerved off the course. It was feared that the rear left tyre had punctured. Goodyear said the tyres were not built for such speeds. They were Goodyear racing tyres made for speeds of up to 200 mph. Tests had shown they could fail at above 250 mph. Mr Paul Euritzen, manager of Goodyear's European racing division, said that the company was concerned about the record

attempt. "We sent a recorded delivery letter to Bowles at the beginning of the week indicating the risk he was taking, completely without our approval." A representative for Mr Bowles said the Goodyear warning applied to the front tyres, which had been replaced with an American type used in drag racing and capable of speeds of more than 400 mph. Mr Bowles had continued to use Goodyear tyres on the rear wheels.

## Secrets letter sent in error to Communists

By Fred Emery, Political Editor

A letter on behalf of the Prime Minister advising news organizations that the heads of Britain's two intelligence agencies were shortly to be replaced on their retirement, but that no announcement would be made of the changes, was sent in error to the editor of the Morning Star, which is not on the list for such information.

That was acknowledged authoritatively yesterday after the previous day's headline treatment in the organ of the Communist Party of Great Britain of the letter and a photograph of an office building in Lambeth, London, that bore the caption, "The spies' tower block."

A leading article said: "We as a paper do not intend to take part in the cover-up charade which cloaks not only the names of the heads of the intelligence services but also their operations."

However, the newspaper did not disclose the identities of the new intelligence chiefs, and quoted only a West German magazine in repeating the identity of a previous head of the secret intelligence service (MI6).

The letter from 10 Downing Street which was sent to editors of all British news organizations did not include the names of the new intelligence chiefs, and in that context a D notice from No 10 is relevant, but also, and especially, the personal security of the individuals concerned and of their families.

As for the second letter, enclosed with the first, it said, according to the Morning Star, that "a threat arising from terrorist groups could become a serious obstacle to the efficient functioning of the intelligence services."

MPs on both sides of the House are to seek today to return to the affair of the naming of Colonel B. But it is unlikely that the Speaker will have much time for them after his ruling last Friday.

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leadership is bound to be seen as extraordinary, coming as it does in the middle of a political furor over official secrecy. It will make it all the harder for ministers to complain about the four Labour MPs who used parliamentary privilege last week to name "Colonel B", a secrets case witness, on the floor of the House.

The Morning Star said that it had received two letters. One was on behalf of the Prime Minister, from Mr Tom McCaffrey, the press secretary at 10 Downing Street. The other was a photograph of a letter to editors from the "spokesman of the press and broadcasting section of the Defence, Press and Broadcasting committee."

The first letter, in Mr Anthony Charter, editor of the Morning Star, said: "Dear Mr Charter—The Prime Minister has asked me to write to you personally about forthcoming changes at the head of the two intelligence agencies."

During the next few months the present heads of both the agencies will be retiring, and new appointments will be made. We do not propose to announce either the fact that the changes are occurring or the names of those newly appointed.

According to the newspaper, the letter added that Mr Callaghan was "anxious that you should know that in reaching this decision he and his colleagues have had in mind not just considerations of national security (and in that context a D notice from No 10 is relevant), but also, and especially, the personal security of the individuals concerned and of their families."

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## Herr Schmidt's aim at Chequers talks

By Caroline Atkinson

Mr James Callaghan, the Prime Minister, and Herr Helmut Schmidt, the West German Chancellor, began a day and a half of talks on the outlook for the world economy over dinner at Chequers last night.

Both sides are anxious about the present state of the industrialized economies and eager to make some progress in the talks. However, each places a different emphasis on the problems facing the world.

The West Germans are particularly keen to solve the problem of currency instability, and favour a new European approach to currency reform.

While the British are happy to study any proposals they believe first, then the Americans must be closely involved in any move to solve the currency upheavals of the past year, and second that currency reform alone is not enough.

They believe the continued slow growth and high unemployment in the West need to be dealt with at the same time as the currency problems. The British would like concerted action to stimulate growth, which could then help to justify further tax cuts in Britain.

Mr Callaghan is trying to win acceptance for the five-point recovery plan which he took to America, and to prepare the ground for a successful summit meeting of the seven major nations in July.

Chancellor Schmidt is probably wary of entering new international commitments to growth targets which it may be difficult to keep. There is widespread scepticism in West Germany about the 4 per cent target for European growth in 1979 which was agreed at the recent Copenhagen summit of EEC leaders.

It is already obvious that many countries, Britain most probably among them, will be unable to achieve such a rapid rate of growth, and it is far from clear which countries, if any, would be able to grow faster in order to meet the EEC average of 4 per cent.

Current reform will thus be at the top of Herr Schmidt's list of topics for discussion. A plan for European reform of currency management was discussed at the Copenhagen summit. Since then the plan has been kept more or less under wraps. The Germans do not want a big build-up to a reform which would then result in disappointment when finally put into operation.

The proposals involve widening of the snake (the European joint exchange rate float), taking steps towards a pooling of EEC reserves, and turning the European Unit of Account into a currency which could be used as a reserve currency in place of dollars.

Initial British reaction to the Brussels plan was unfavourable although some top officials believed that it could be an important step forward.

The Germans are anxious in today's talks to forestall outright opposition from Britain which could kill the plan. Herr Schmidt would prefer to get positive backing from the Prime Minister, although he recognizes that even if the proposals are implemented the British are extremely unlikely to join a new snake. France, however, would be expected to join.

German unwillingness to discuss growth targets and new measures for stimulating their economy does not arise from optimism about their economy. Indeed it is now widely admitted that the official target for 3 per cent growth this year will not be met, and 2 per cent is more likely.

The Germans will not decide on new measures to boost growth until late June or July when they have more reliable information.

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## Take action now to provide School Fees

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# The Priority of Priorities

Written by  
Rosemary Dawson-Shepherd,  
a spastic.

is to save thousands of babies  
from needless handicap

## What's Britain got that France, Sweden, Finland & Japan haven't?

## More dead & handicapped babies!

Sad, but true. What is worse, it's avoidable.

You see, the statistics weren't always stacked against us. In 1960 the French infant death rate was 12% higher than ours, and we were on par with inland. But, by 1972 the French rate was 10% lower and the Finnish rate was 30% lower.

So what did France and Finland do that we didn't? They didn't accept a second rate maternity service. The amazing drop in infant deaths which resulted was accompanied by an increase in the numbers of babies born free of handicap.

Our Government is aware of what can be achieved. These statistics all come from their own publications. Yet, still, they refuse to provide us with first class maternity service. So every year about 8,000 babies are damaged before, during or immediately after birth—many will be seriously handicapped for life. And 10% of the babies born spastic could have been born free of handicap.

We, as a nation, need to practise what we preach. Prevention is better than cure. We want to save lives; save babies from needless handicap. This is what we call **THE PRIORITY OF PRIORITIES**.

The first priority is to apply the results of research and good medical practise throughout the National Health Service and private medicine. The second priority is to finance further research to ensure ultimately that all our babies are born free of handicap.

### WHY MORE RESEARCH IS URGENTLY REQUIRED

- 1 Why does the incidence of infant death and handicap differ from area to area? Research is urgently required into this problem.
- 2 More research must be undertaken into the production of less expensive delivery room equipment, and into defects of staff training.
- 3 More research is needed into the problems of how, why and where cerebral palsy occurs.
- 4 More research needs to be carried out in the field of human genetics.
- 5 More research is needed into the causes of prematurity and low birth-weight in babies, as such babies are always at risk.
- 6 More research is needed into the management and causes of oxygen deprivation, which potentially is one of the most crippling hazards of childbirth.
- 7 More research is needed into the complex factors involved in maternal malnutrition.
- 8 More research is required into the treatment, education and quality of life of spastic people.

The wealth of our nation is the health of our babies. If Government cannot, or will not, finance the necessary research, then we must do everything possible to see that this vital work is carried out. The Spastics Society appeals to you to give generously. But it is not only your money that we ask for, but your will and determination. Together we can begin to change the face of handicap.

British babies can, and must have as good a start in life as babies born in France, Sweden, Finland and Japan.



The  
Spastics  
Society

This campaign is supported by The Scottish Council for Spastics

**Open up your purse and pick up your pen.**

To: The Spastics Society, 12 Park Crescent, London W1N 4EQ  
I support your 'Save-A-Baby' campaign by sending you my donation of £  
(cash/postal order/cheque/ giro No. 5025656). Please send cash by registered mail and  
cross postal orders and cheques.

Name \_\_\_\_\_ Address \_\_\_\_\_  
Tick if receipt required. ☐ Tick if you are interested in having more information on your 'Save-A-Baby' campaign. ☐







# There's one thing worse than being unemployed at sixteen.



# That's still being unemployed at seventeen.



And eighteen.  
And nineteen.

All over Britain there are thousands of young people unable to find jobs; as many as one in three in some areas.

It's not that they are work-shy.

In many cases they have tried for dozens of jobs - only to find that, without experience or a skill, they haven't a hope.

How can we stop these young people ending up on the scrap heap before they've even had a chance?

We think we've found a way.

## Youth Opportunities Programme.

The Youth Opportunities Programme is a new plan to help employers help young people, even if they can't offer any permanent jobs.

It's based on the best elements of existing schemes that have succeeded in helping as many as 8 out of 10 participants into jobs.

The idea is extremely simple: If you can take in young people for up to six months, introducing them to the benefits and disciplines of work, we will pay them £19.50 a week.

And there are no National Insurance contributions or tax returns to worry about.

They get invaluable experience, training and the chance to earn a reference that proves their worth. You get a chance to give them a future without having to take anyone on permanently - unless you want to.

## The alternative.

The only alternative is a growing number of young people who feel discarded by 'the system' and a smaller pool of trained and enthusiastic people for industry to draw upon. And, if nothing's done, the inescapable truth is that by the end of this year the situation will be even worse.

Which is why the Programme is backed by the government, the CBI and the TUC.

## How it works.

We have offices all over the country and our staff are eager to give employers every detail of the scheme. At the same time, these offices keep in close touch with all the bodies concerned with unemployed young people in your area.

Which makes them uniquely qualified to help you help young people.

If you're interested in participating in the Programme, our staff will help you plan an introduction to work for young people that will benefit them without disturbing the normal running of your business.

You are then free to choose the young men and women you feel have the most to offer - and whose future will be brighter as a result of training and experience under your guidance.

Then it's up to the Youth Opportunities Programme to make sure that your involvement is as trouble-free and rewarding as possible. Give a young person a chance, and we will do the rest.

## What to do.

Get the full story from Roger Panton, Manpower Services Commission, Department T2, Selkirk House, 166 High Holborn, London WC1V 6PE Tel. 01-836 1213.

Our future workforce depends on it.

**YOUTH OPPORTUNITIES  
PROGRAMME**

Manpower  
Services Commission  
Special  
Programme







## Probable successor to Mr Kadar emerges out of party reshuffle

April 23.—Mr. Kadar, a Hungarian Communist Party secretary, has been given new responsibilities, including that he is to be the party's successor in the Budapest region.

Mr. Kadar, the party secretary, according to in sources, who is 56 and a member of the Politburo, has been given the party's number one position in the Budapest region.

Mr. Kadar has been a rising star since he was made party secretary in 1975, after five years as party secretary in the Budapest region.

Mr. Kadar, who is 56, could retire when his five-year term ends in 1980.

Mr. Kadar's central committee secretary, Mr. Nemethi, has been given the party's number one position in the Budapest region.

Mr. Kadar, who is 56, could retire when his five-year term ends in 1980.

## Million 'volunteers' give a day tidying up mess left by winter

April 23.—A day of voluntary work, known as "Volunteer Day," was held in the city of Moscow on Friday, April 23, to clean up the mess left by winter.

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## Argentine junta split over next President

Buenos Aires, April 22.—The Argentine military junta is less and less able to cover up the three branches of the armed forces over the choice of the country's next President, according to observers.

The main conclusion drawn from the action taken against two leading newspapers, which reported that the Army had picked General Jorge Rafael Videla to continue as head of state.

Both newspapers were shut down for three days by the military Government, which also ordered seizure of all copies of the offending editions.

The measures taken against the two newspapers for reporting what was common knowledge in political circles only added to suspicions that the Army's choice is running into opposition from the Navy.

The President must be chosen unanimously by the commanders of the three branches of the armed forces—Agence France-Press.

## SPORT

### Football

## Now for the scramble in wake of winners

By Norman Fox  
Football Correspondent

With their unassailable lead of six points and four matches to play, Nottingham Forest have a comfortable lead in the championship. But a fine run of five wins in their previous six matches has provided, and there is now a scramble for the title.

At the top of the second division, the idea that Tottenham would hold off the challenge of Brighton has been overtaken. Spurs lost to Arsenal in the first division, and the idea that Tottenham would hold off the challenge of Brighton has been overtaken.

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## Champions and Liverpool in dispute

Liverpool have asked the Football League to settle a disagreement with the champions, Nottingham Forest, over their outstanding league fixtures.

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Weekend results and tables

First division	Second division	Third division	Fourth division
Birmingham 1-0 Manchester City	Sheff Wed 1-0 Sheff Utd	Exeter 1-0 Plymouth	Grimsby 1-0 Gillingham
Sheff Wed 1-0 Sheff Utd	Sheff Wed 1-0 Sheff Utd	Exeter 1-0 Plymouth	Grimsby 1-0 Gillingham
Sheff Wed 1-0 Sheff Utd	Sheff Wed 1-0 Sheff Utd	Exeter 1-0 Plymouth	Grimsby 1-0 Gillingham

Scottish premier division

First division	Second division
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers

## Forest supporting actors top the bill



Players of the year for the team of the season: Shilton (left), the professionals' choice, and Burns, the writers'.

The move of the team is provided by some experienced players as McGovern, Barrett, O'Neill, White and O'Hare—none a star in the past.

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## Farewell to ambition unfulfilled

By Tom German

The song of the sirens luring the ship of fools to destruction, the division will be uncomformably divided now to West Ham United.

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The song of the sirens luring the ship of fools to destruction, the division will be uncomformably divided now to West Ham United.

## The next 180 minutes can undo eight months' work

By Stuart Jones

It all started so crisply. Naylor crossed, Dunne headed down and Taylor tapped it home.

It all started so crisply. Naylor crossed, Dunne headed down and Taylor tapped it home.

It all started so crisply. Naylor crossed, Dunne headed down and Taylor tapped it home.

Scottish second division

First division	Second division
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers

Scottish premier division

First division	Second division
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers

## Champion moves slowly to victory

Linda Mottram, the defending champion, held off a spirited challenge from Jacqueline Fayer to maintain her grip on the women's singles title in the Cumberland Club hard court tennis tournament at Hampstead, London.

Linda Mottram held off a spirited challenge from Jacqueline Fayer to maintain her grip on the women's singles title in the Cumberland Club hard court tennis tournament at Hampstead, London.

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## Wolves are denied celebration

By Geoffrey Green

Chelsea and Wolverhampton Wanderers after a nerve wracking draw at Stamford Bridge on Saturday, both continue to hang on to the top drawer by their fingernails.

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Chelsea and Wolverhampton Wanderers after a nerve wracking draw at Stamford Bridge on Saturday, both continue to hang on to the top drawer by their fingernails.

## Peach's penalty is easier than peeling an apple

By Clive White

Ignore any reluctance by Lawrie and Stiles when the former gifted in the second division.

Ignore any reluctance by Lawrie and Stiles when the former gifted in the second division.

Ignore any reluctance by Lawrie and Stiles when the former gifted in the second division.

European results

First division	Second division
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers

Tonight's football

First division	Second division
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers
Partick 1-0 Rangers	Partick 1-0 Rangers





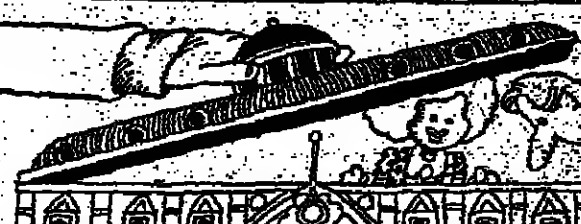








# Public & Educational



## City of London Polytechnic RESEARCH ASSISTANTSHIPS

The City of London Polytechnic has the following vacancies available from 1st September, 1978. Candidates should have a good Honours degree in an appropriate subject and be prepared to register for a higher degree with the CMAA.

### Biological Sciences

**Neurophysiology**—An investigation into the central nervous control of buoyancy and vertical movement in fish.

### Chemistry

The projects being offered are:

CW and FT NMR studies of organometallic and coordination compounds

Inorganic derivatives in synthetic carbohydrate chemistry

Dipolar organophosphorus reagents

Free radical reactions in the vapour phase and fast reactions in solution

Medicinal chemistry

Development of a spectroscopic assay for skin photodamage

Spectroscopic study of complexes in solution

Electrochemistry and photochemistry of 'onium salts and ylides

### Economics and Banking

Identification and measurement of economies of scale in U.K. life assurance companies. An energetic and well-qualified researcher is required to join a small team of economists which is investigating the behaviour of financial institutions and markets. The candidate should have some research experience and the ability to undertake quantitative analysis on his or her own initiative.

### Geology

The projects being offered are:

(1) The Palynological studies of the Purbeck/Wesdon deposits

(2) Volcanology of the Teyvalhills lavas and associated igneous rocks, South West Argyll

(3) Tectonic strain and deformation mechanisms in the rocks of Valdres, South Norway.

### Geography/Sociology

A Geographer or Sociologist with some training in spatial analysis, is required to develop a project on the location and use of Further Education centres in inner London as part of a joint programme of research in Community Studies and the Geography of Education. The successful candidate will have some experience of statistical techniques in the Social Sciences.

### Mathematics and Statistics

Preference will be given to candidates interested in:

Classical Fluid Dynamics or in Discrete Event Simulation.

The appointment will be in the first instance for two years, but may be extended to three years.

Application forms for this post may be obtained from the Secretary, Department of Mathematics and Statistics, 31 Jewry Street, London EC3N 2EY.

### Physics

One post available for work in either:

The effect of oxygen on Pb-Sn-Te alloy junctions or

The optical, magnetic and dielectric properties of particulate dispersions.

Salary is £2,778 a year in the first year of appointment, rising to £2,859 in the second year and to £2,940 in the third year, including London Allowance of £402 (under review).

### RESEARCH FELLOW

#### Metallurgy and Materials

A vacancy exists for a metallurgist with a doctoral degree who is interested in carrying out work in the field of hydrogen embrittlement of high-strength steels. Previous experience in this area is essential and the post is tenable for one year, with effect from 1st September, 1978.

Salary is £3,822 including London Allowance of £402 (under review).

Please apply in writing, giving full curriculum vitae and the names and addresses of two referees, to the Assistant Secretary, City of London Polytechnic, 117/119, Houndsditch, London EC3A 7BU.

## MEDICAL RESEARCH COUNCIL

### RADIOBIOLOGY UNIT

#### Vacancies for Scientists

To study radiation effects on tissues and whole animals including carcinogenesis.

Successful applicants would normally be well qualified in the biological sciences (medicine or veterinary medicine) and have several years post graduate experience. Work at the Unit covers a wide range of scientific interests concerned with radiation effects which are important in relation to protection against ionising radiation and radiobiology. There is extensive accommodation and supporting staff for work with experimental animals. Salary in accordance with age and experience on MRC scale which are similar to those applicable on University appointments.

Enquiries or applications with curriculum vitae and names of two referees to Dr. J. Vennart, Director, MRC Radiobiology Unit, Harwell, Didcot, OXON, OX11 0RD, by 31st May, 1978.

### THE POLYTECHNIC OF NORTH LONDON

#### PHYSICS DEPARTMENT

#### a C.A.S.E. research student

To work on muon magnetic heads in collaboration with the Alan Clark research centre (Ilkley). The normal C.A.S.E. scale of grants and bursaries apply.

#### a Research Assistant

To work on one of the following projects:

Development of microwave discharge spectroscopic sources; characterisation of thin magnetic film devices for low background studies.

Salary Scale: £2,778-£2,940 (including London Allowance). Duties include six hours teaching per week. A suitably qualified candidate may be offered research assistantship with a view to a research fellowship. Applications should be made as soon as possible to the Head of the Physics Department, Polytechnic of North London, 100 Holloway, London N7 8AN, from whom further details may also be obtained.

### NEW ZEALAND

#### University of Canterbury

#### CHRISTCHURCH

#### VISITING LECTURER IN GEOGRAPHY

Applications are invited for a Visiting Lecturer in Geography to fill a permanent position in the Department of Geography, University of Canterbury, Christchurch 1, New Zealand.

Applications should be made to the Head of the Department of Geography, University of Canterbury, Christchurch 1, New Zealand.

### University of St. Andrews

#### DEPARTMENT OF ECCLESIASTICAL HISTORY

Applications are invited for the post of

#### LECTURER

In Ecclesiastical History in St. Andrews College, St. Andrews. Preference will be given to candidates with research qualifications in the field of ecclesiastical history.

Salary at appropriate point on scale £2,778-£2,940 (including London Allowance) plus £350/US.

Further details and application forms may be obtained from the Head of the Department of Ecclesiastical History, University of St. Andrews, St. Andrews, Fife, Scotland, from whom further particulars may be obtained.

### London School of Economics

#### SECRETARIES FOR THE SOCIAL SCIENCES

Our teaching department offers the opportunity to become involved in a variety of social science research projects. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Social Sciences, London School of Economics, 25 Abchurch Lane, London EC4N 3RE.

### University of Birmingham

#### FACULTY OF MEDICINE AND DENTISTRY

#### CHAIR AND HEADSHIP OF THE DEPARTMENT OF IMMUNOLOGY

Applications are invited for the Chair and Headship of the Department of Immunology, University of Birmingham. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Immunology, University of Birmingham, 25 Abchurch Lane, London EC4N 3RE.

### University of Nottingham

#### DEPARTMENT OF CHEMISTRY

#### RESEARCH OPPORTUNITIES

The department with have a number of research opportunities in the field of organic chemistry. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Chemistry, University of Nottingham, 25 Abchurch Lane, London EC4N 3RE.

### University of Exeter

#### TUTOR

Applications are invited for a post of Tutor in the Department of Economics, University of Exeter. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Economics, University of Exeter, 25 Abchurch Lane, London EC4N 3RE.

### University of Durham

#### COMPUTER UNIT

#### SOCIAL SCIENCE ADVISER

Applications are invited for the post of Social Science Adviser, University of Durham. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Social Sciences, University of Durham, 25 Abchurch Lane, London EC4N 3RE.

## CITY OF LONDON POLYTECHNIC

### School of Business Studies

#### DEPARTMENT OF ACCOUNTANCY AND TAXATION

#### Senior Lecturer

Applicants must be professionally and/or academically qualified. An interest in Public Sector Accounting would be an advantage.

### DEPARTMENT OF ECONOMICS AND BANKING

#### Senior Lecturer in Business Studies

Applications are invited from graduates in Business Studies, Economics, Accountancy or an allied discipline to take academic and administrative responsibilities for courses leading to Business Education Council awards at Higher National level.

The successful candidate will be expected to teach economics and banking and finance to honours degree level and will be encouraged to participate in the Department's expanding research programme.

### Lecturer/Senior Lecturer in Economics

Applications are invited from graduates with good honours degrees in Economics or related disciplines preferably with a specialism in Industrial Economics.

It is expected that the Department will be able to offer two posts one of which may be for a temporary period of two years.

The successful candidates will be expected to have experience of teaching at honours degree level and are likely to possess Masters degrees in an appropriate field of study.

As well as teaching on the Economics and Business Studies courses and within the Modular Degree and Diploma Scheme, active participation in the Department's expanding research programme will be expected.

Salary: Lecturer II - £4,146-£5,387 (under review), including London Allowance and pay supplements.

Senior Lecturer - £5,826-£8,849 (under review), including London Allowance and pay supplement.

Further details and application forms can be obtained from the Assistant Secretary, City of London Polytechnic, 117/119 Houndsditch, London EC3A 7BU.

Application forms to be returned by 5th May, 1978.

## SIXTEEN WEEKS HOLIDAYS with pay!

Young Maths teacher needed from beginning of September to January 1979. The successful candidate will be expected to have a minimum of 5 years' experience in teaching Mathematics in a secondary school. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Mathematics, City of London Polytechnic, 117/119 Houndsditch, London EC3A 7BU.

Write to the following address for an appointment—please include your own phone number.

The Headmaster, St. Anthony's, 90 Fitzjohn's Avenue, Hampstead, N.W.3.

References will be needed please

## DUBAI COLLEGE

### SECOND MASTER

PART TEACHING—UP TO £7,500

### ASSISTANT STAFF

FOR ALL USUAL SUBJECTS PLUS MUSIC, DRAMA, SPORT ETC £4,800-£5,000

Salaries are tax free

All areas and accommodation included. Staff are expected to involve themselves fully in pastoral care, sports and leisure activities in addition to their teaching duties.

Interviews in London 18th-20th May. Send full CV, photograph and references to the Headmaster, Dubai College, P.O. Box 100, Dubai, U.A.E.

## University of Newcastle Upon Tyne

### RESEARCH ASSISTANT

Applications are invited for a Research Assistant in the Department of Chemistry, University of Newcastle Upon Tyne. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Chemistry, University of Newcastle Upon Tyne, 25 Abchurch Lane, London EC4N 3RE.

## University of Otago

### DUNEDIN, NEW ZEALAND

#### DEPARTMENT OF UNIVERSITY EXTENSION

The Council of the University of Otago invites applications for appointment to the position of Lecturer in the Department of University Extension. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of University Extension, University of Otago, 25 Abchurch Lane, London EC4N 3RE.

## The Schools of King Edward the Sixth in Birmingham

### HEAD

King Edward's Camp Hill School for

A Voluntary Aided Grammar School (Group 10—Roll 650)

The Governors invite applications for this appointment.

Further details and application forms may be obtained from Mr. R. H. Thompson, Clerk to the Governors, Foundation Office, The Schools of King Edward the Sixth in Birmingham, Edgbaston Park Road, Birmingham B15 2TD. The closing date for applications is 15 May, 1978.

## University of London

### Institute of Education

#### LECTURER IN EDUCATION (ART EDUCATION)

Applications are invited for the post of Lecturer in Education (Art Education) in the Institute of Education, University of London. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Institute of Education, University of London, 25 Abchurch Lane, London EC4N 3RE.

## University of Durham

### COLLINGSWOOD COLLEGE

#### MASTER OR PRINCIPAL

Applications are invited for the post of Master or Principal of Collingswood College from 1 September 1978, or such later date as may be agreed. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Education, University of Durham, 25 Abchurch Lane, London EC4N 3RE.

## University of Hong Kong

### SENIOR LECTURESHIP IN PATHOLOGY

Applications are invited for a Senior Lectureship in Pathology, University of Hong Kong. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Pathology, University of Hong Kong, 25 Abchurch Lane, London EC4N 3RE.

## University of Durham

### COMPUTER UNIT

#### SOCIAL SCIENCE ADVISER

Applications are invited for the post of Social Science Adviser, University of Durham. The successful candidate will be required to undertake research activities as well as administrative duties. Salary in accordance with experience and qualifications. Applications should be made to the Head of the Department of Social Sciences, University of Durham, 25 Abchurch Lane, London EC4N 3RE.

## University of Exeter

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## University of Nottingham

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## DIRECTOR

### SSRC Research Unit

#### on Ethnic Relations

Applications are invited from individuals with considerable research and research management experience in ethnic relations or related fields to fill the above post on a full-time basis, following the return of the present Director, Professor Michael Banton, to full-time University work in August 1978.

Although the Unit is now at the University of Bristol, its future location, which will be in an academic institution, will be determined after discussion with the new Director.

Salary will be in the range for University Professors and the Council has its own non-contributory superannuation scheme. An appointment on secondment would be considered.

Further details may be obtained from Mr. David Farmer, SSRC, 1 Temple Avenue, London, EC4Y 0BD, to whom applications should be submitted by 31 May, 1978.

## Social Science Research Council

### CAREERS

#### HEAD OF DEPARTMENT

ROYAL GRAMMAR SCHOOL, GUILDFORD

(Formerly Voluntary Controlled, now HMC Independent: 630 boys, 200 in Sixth Form)

Required in September: a graduate to take charge of Careers guidance. A thorough understanding of university entrance requirements is essential. Willingness to play an enthusiastic part in the life of the School, both inside and outside the classroom, is important. Applicants must be qualified to teach an academic subject.

Salary: Burnham plus £150 London fringe allowance. Scale 3 available for suitably qualified and experienced candidate.

Applications (no forms) quoting two referees should be submitted as soon as possible to the Headmaster.

## UNIVERSITY OF SOUTHAMPTON

### APPOINTMENT OF VICE-CHANCELLOR

The University wishes to appoint a Vice-Chancellor in succession to Professor L. C. B. Gower, who is retiring on 30 September 1979.

Persons interested in the appointment, or who wish to submit names for consideration, are invited to write in confidence to the

Chairman of the Council, Dr. S. E. Clotworthy, C.B.E., c/o the Secretary and Registrar, The University, Highfield, Southampton SO9 5NH

## BRISTOL CATHEDRAL SCHOOL

The Governors of Bristol Cathedral School invite applications for the

### HEADSHIP

which becomes vacant on 1st January, 1979, following the appointment of the present Head Master, Mr. David Jewell, to the Headship of Repton.

The School is an ex-Direct Grant School reverting to independence, with 420 day boys between the ages of 11 and 18.

Details may be obtained from the Clerk to the Governors, Abbey Gate House, College Green, Bristol BS1 5TP.

## WESTMINSTER MEDICAL SCHOOL

### Department of Community Medicine

#### Lecturer in Medical Statistics

Applications are invited for the post of Lecturer in Medical Statistics, to be held from 1



## General Vacancies

SHI

**MANAGEMENT**

**WEST**

Shipping Company seeks  
Indies' Offices to manage  
reer services.

These are new appoint  
opportunity for qualified p

Salaries in accordance w  
benefits.

Only applicants with min  
one of the above ment  
sidered.

Please write to Box 1314  
hensive details of past e  
which will be held strictly

**LANDER**

Chartered  
Req

## **PARTNERSHIP**

To be responsible to the general administrative branches in London and Applicants should have administrative experience to interpret accounts situations, etc.

*Applications, Mr  
Trevor Burfield  
36-38 Lambs Conduit*

**STATISTICS**

The National Parks Council  
Economics and Statistics Division  
reviewed the coverage and classification  
analysis of data relevant to the  
monitoring of international trade in  
detailed quarterly and annual  
publications, and the interpretation  
The successful project team  
detail a broad problem specific  
solution, and of carrying the one  
person appointed will need a  
balance in mathematical statistics  
ability to handle, interpret and  
of statistical information.

Applications from well qualified  
experience since qualification  
negotiable within the range  
pects for promotion. Applications  
should be sent to:—

Assistant Secretary  
**NATIONAL PARKS**  
Committee  
1/19 New  
London

STUDENT/SCHOOL LEAVE  
 awaiting university entrance and  
 who lives in London. He had a  
 telephone, a receptionist in his  
 general solicitors' office, two  
 friends and a Fleet Street address.  
 His phone number was 01-583-  
 6701.

**CONTRACTS**

**FOREIGN PURCHASES  
 FOR STEEL**

18 EMAD EL DIN

**INTERNATIONAL  
 TENDERS**

**To the Registered Trading Special Sector in favour of the Committee issues an supply of 15,000 metric tons scrap number one according 1975 with free foreign \$2,000,000 (two million de**

**Specifications and general National Metal Industries Cairo, by a written application twenty Egyptian pounds for should be submitted through Trading Agents from Public**

**Opening date shall be on morning, 13th May, 1978 at**

[illegible]

**H.M. LAND REGISTRY**  
**LOST CERTIFICATE**

It is proposed to issue a new certificate to replace the one destroyed below that is stated to have been lost or destroyed by someone possessing the missing certificate or in the absence of a new owner, in the name of a new owner.

The following are the details of the Registry, Lincoln's Inn Fields.

**CHEMORCE Limited The**  
**George Albert Auger.**  
 Accountant General,  
 Hayward & Partners, 44 Baker  
 London W1M 0JL.  
 I am writing you in regard to  
 the above matter on the  
 April, 1976. All debts and  
 I should be sent to me at the  
 address:  
 A. AUGER,  
 CHEMORCE.



COLIN  
CLAYLEY  
KEFFRELL  
AN  
FOR 1











## The naming of Colonel B

### Role of voluntary organizations

I would suggest that the debate should concentrate on three points.

First, we live in a plural democratic society that is a multiple system, where there is a multiplicity of choices, where voters can choose, advise and warn their representatives as well as planting their cross on the ballot form every few years. Voluntary organizations are a part of this society, and it is a part of the opportunity to the individual to make a personal and direct contribution. They stand for involvement and participation rather than an attitude of "leaving it all to them," which is the attitude of the State and the various municipal bureaucracies.

Secondly, the demands on these personal social services is such that there will continue to be such that there will

There is no doubt that many voluntary organizations need reform. But rather than snipe at the supporters of the voluntary organizations, together with central and local government work together to understand our respective roles. One final point on money: the voluntary sector is not as dependent on government grants as Mr Smith implies. In 1975 the total estimated income to charities in the United Kingdom was £1,717m of which £200m or 11.6 per cent came from central and local government. The rest is specific income, such as the Wolfenden Committee was for partial central government grant-aid to local intermediary bodies whose functions, among others, are to improve the performance of voluntary organizations as suggested by Mr Smith.

Yours faithfully,  
NICHOLAS HINTON, Director,  
National Council of Social Service,  
26 Bedford Square, WCL  
April 17.

## Pastoral nomads in Africa

From Sir Michael Blundell  
Sir, In his excellent analysis of the problems in the Horn of Africa in your issue of April 14, Mr Richard Luce has omitted to mention one aspect of the Somali situation. The Ogasden Somalis established themselves in the lowlands of the Ogaden and the Webe Schekele about the year AD1780 as the last part of a great and continuing migratory movement of nomadic peoples from the north. By 1860 they had crossed the Juba and the Tana and were based in the Afmahu (in Konyak) some 1,000 miles in East Africa—55 years—they have travelled from the Juba to the Tana River. If this process continues, the day will come when they will be the River Athi and near Nairobi.

Always the drive for this unwhod advance has been the lure of rich grazing lands and water; always desolation, desert and hardship have been the price of land and them. The question poses itself therefore whether in a free African continent the natural named can be accepted. To do so will make a permanent and have the OAU desire to preserve optional and territorial boundaries. It seems to me essential therefore that in viewing the problems of the Horn of Africa and in particular of Somalia itself, we should not forget the need to the provision of funds for agricultural development, for the further extension of irrigation on the Juba and the Webe Schekele and assistance with agricultural and veterinary services, to enable them to move from destructive nomadic pastoralism to settled agriculture and in a lesser degree industry.

It is not too much to record that arms and weapons are not what the Ogasden Somalis need. The most urgent need is to be provided with the technical knowledge and finance for the better use of the lands they have by relentless pressures over two centuries acquired by force or by stealth.

I remain, Sir, yours  
L. Kempster

## In search of a church

From the Reverend Robert Grimley, S.T.C. The lector from Mrs. Graham Grimley and others (April 14), presents a very strange view of the Traditionalist issue. What is at stake here is the unity of the Roman Catholic Church, and to subordinate that to private preference is a serious and destructive step. I would suggest that if the Anglican Church authorities have agreed not to give encouragement to the Traditionalist movement they have indeed acted properly.

I recently stayed in Paris in the Parish of St Severino—St Nicholas—where the Traditionalists have seized by force one of the churches for their own use. Similarly specific claims are made there about the "reasonableness" of their having a church for the Tridentine mass. There is nothing reasonable about professedly faithful Christians seeking the consecration of a church within the Church in which they claim belong, nor is there anything reasonable about the action of members of a church who defy the theologically legitimate authority of their bishops. To allow this divisive movement to use a church within the Church to make it seem to have a legitimate claim in fact it does not have, and a permanence which it ought not to have.

Yours truly,  
ROBERT GRIMLEY, Chaplain,  
King Edward's School,  
Birmingham 15.

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## In the Strangers Gallery

From M Jean Llanade  
Sir, I happened to be sitting in the

am to gain say the judgment passed by your columnist on the ushers (I feel to be less of a Stranger in the House? The Times Daily, April 11) I cannot but state that my impressions did not exactly tally with his.

Ushering in (and out) beives not only in batches of garrulous American ladies or hordes of tourists—whose main purpose is to not lend avid ears to what is being said in the House—is no easy task!

The usher I met on that day looked every inch a gentleman, amiably gruff and said to a fault; dry-humoured too, which took the edge off what might have passed for sharp remarks. On seeing I was not ostensibly leaving through the door, visitors be obligingly waiting to fetch one for me, which I thought as rather considerate for a "watch-dog".

To enforce the rules of parlour manners, etiquette and to enhance the well-deserved fame of your political system, you need such men as these—apparently aloof to the point of coldness and yet ever selfless in the service of others.

Yours truly,  
JEAN LAMADE, Professeur,  
75 bis Rue de la Chevalerie,  
37108 Tours,  
France.

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## The tachograph

From Mr S. Gorley Putt  
Sir, I should find Mr Bernard Levin's praise for the lorry-drivers tachograph more convincing if he had advocated the use of a similar machine in the offices, say, of the directors' employers and their trade unions' representatives.

"Look at those idlers working and leaning on their shovels!" is an observation common enough among office workers. I have never yet seen workmen peering censoriously through the windows from which executives and typists find time to watch and time them. The tachograph may well seek to cut down working hours rather than increase them: but whichever way it works, that particular oddly named sauce should be eaten by geese and ganders alike.

Yours faithfully,  
S. GORLEY PUTT,  
Christ's College,  
Cambridge.

April 18.







# THE TIMES

## BUSINESS NEWS

**LAING**  
LOCAL  
OR NATIONAL  
CONSTRUCTION SERVICE

### Government Bill this week to lift SC borrowing limit by £1,000m

British Correspondent  
The Bill is scheduled to be introduced on Thursday and is expected to be passed by the House of Commons by the end of the week. It will lift the borrowing limit for the British Steel Corporation from £1,000m to £2,000m. The Bill is expected to be passed by the House of Commons by the end of the week. It will lift the borrowing limit for the British Steel Corporation from £1,000m to £2,000m. The Bill is expected to be passed by the House of Commons by the end of the week. It will lift the borrowing limit for the British Steel Corporation from £1,000m to £2,000m.

### Anglo-Italian pact on minimum steel prices

British steelmakers have agreed a pact with Italian steelmakers to maintain minimum steel prices. The pact is part of a wider agreement between the two countries to stabilize the steel market. The pact is part of a wider agreement between the two countries to stabilize the steel market. The pact is part of a wider agreement between the two countries to stabilize the steel market.

### Newsprint costs may rise by 10 pc next year

By Edward Townsend  
British newspaper publishers are expected to face a significant rise in newsprint prices next year. The rise is expected to be around 10 per cent. The rise is expected to be around 10 per cent. The rise is expected to be around 10 per cent.

### New move today to end Rover strike

By R. W. Shakespeare  
Senior British Leyland management together with shop floor and union representatives, today resumed negotiations aimed at ending a strike by foremen, supervisors and technicians which has seriously disrupted production of Rover cars, Land-Rovers and Range Rovers for the past week. The negotiations are expected to continue today.

Lines can remain in continuous production. Later, they were joined by 130 senior technicians at Solihull and by a further 200 ASTMS members at the Birmingham engine and transmission factories. The 60-strong Leyland Cars toolroom committee decided in Birmingham at the weekend to call a meeting of their supporters in June if no progress towards their demands for pay parity and separate negotiating rates is made before then. At that meeting some form of industrial action is likely to be considered. The toolmen, who have grown in number since last year's crippling strike over the issue, are angry at the continued refusal of Leyland to make any gesture towards meeting their demands. The leader, Mr. Roy Fraser, said: "We intend to remind the company that our claim is still on the table. Toolroom workers tend to be fairly moderate in their approach, but even they have been so frustrated recently over the lack of progress that they will be demanding to see something done."

### Tax success needed for Blumenthal prestige

Decisions taken by Congress on President Carter's tax programme are likely to be of critical importance in determining the future of Mr. Michael Blumenthal, Secretary of the Treasury, in the Administration. Fully aware of this and of the growing dangers that Congress will radically alter the Administration's tax measures, the Secretary decided on Friday to cancel a planned trip for this week to Europe. The cancellation came as a surprise, but then Mr. Blumenthal is under mounting pressure from the President to get good results from Congress. In some respects the Treasury Secretary now appears as a tragic figure. He lacks the authority and power of many of his predecessors. His prestige has never been greater, but he is constantly the subject of rumours and press reports that he is about to resign or that his relationship with the President is strained and tense. Since taking office some 15 months ago, he has been under constant White House pressure to draft and promote a whole series of complicated policies: the early 1977 economic stimulus programme, the tax reform legislation, and international monetary policies and the policies for United States relations with international financial institutions and the 1978 presidential economic programme. Meanwhile, he has been expected to raise around the country business confidence, to lobby Congress in a manner of new initiatives and to take decisions to defend the dollar. He might have been able to shoulder such a heavy burden, but he has not been able to. He has been criticised for his handling of the White House. But time and again the White House has undermined his authority, the most recent example being the President's decision to make Mr. Robert Strauss the chief spokesman on the anti-inflation front. It is against this background that it now appears that Mr. Blumenthal is fighting for his political life. A major problem, however, is that the pressure on him appears to be forcing him to neglect to some degree the international arena. Having decided to stay at home this week he must now get some results in his dealings with Congress and the reform and restructuring issues. If he fails, then his credibility next weekend at the International Monetary Fund meeting in Mexico City may be questioned. But if he succeeds, then he may be able to confront fellow finance ministers with a fresh degree of authority and sound convincing about American aims and priorities in the international economic policy arena.

### Saudis 'will oppose dearer oil'

Washington, April 23—Saudi Arabian energy officials have said they will continue to oppose any increases in oil prices during 1978, despite mounting pressures for rises at next June's meeting, according to a Congressional report of the Organization of Petroleum Exporting Countries made public yesterday. The report was written by members of the House of Representatives International Relations Committee who visited Saudi Arabia and other Middle East countries in January. Repeating on the trip, they said Saudi officials recognized the positive impact the oil price freeze Opec adopted in January, 1977, had made on the Saudi economy and the organization's growth. "Saudi Arabian officials advised the study mission that they would continue to oppose any increase in the price of oil through 1978 despite mounting pressures within Opec to increase prices at the next Opec meeting in June, 1978," the report said—Reuters.

### City Working Party to revise Takeover Code

By Christopher Wilkins  
A comprehensive revision of the Takeover Code, in 1979 is being planned by the City Working Party. This will be the fourth full-scale revision since the first edition of the Code was published just 10 years ago. Such a proposed revision is unlikely to involve any radical changes to the present Code, which was last redrafted in April 1976. Most of the changes will represent the consolidation of various developments in takeover practice, as interpreted by the Takeover Panel, since the 1976 revision. Administering the Code is the Panel's job, but revising it and keeping it up to date is the responsibility of the City Working Party, which was originally set up by the Governor of the Bank of England in 1967, and which represents leading financial and industrial bodies. In its submission to the Wilson Committee on the functioning of financial institutions, the Panel reveals it is re-examining its rules in several areas. These include occasions where the necessity to make a bid can be waived, shut-offs at the end of an offer period, formulae bids and partial bids. The Panel reiterates its opposition to a statutory code in place of the present self-regulation of bids and mergers. It says it is still of the opinion that it would not be possible to interpose a statutory body between the present organization and the Government without forfeiting many of the advantages of the present system. Financial Editor, page 21

### Norwegian group wins BNOC order

By Roger Vielvoye  
A contract for diving and lifting work on the North Sea Thistle oilfield has been awarded to a Norwegian group, Seaway Offshore Work Platform, by the British National Oil Corporation. The Norwegian company will use Seaway Swan, the newest and most sophisticated semi-submersible diving and maintenance vessel, for the month-long contract. Seaway Swan, which cost \$50m, will shortly leave the Rauma Repola construction yard in Finland for final fitting out in Norway. It is expected to begin work on Thistle in June. The Stolt-Nielsen Norwegian shipping company is the major shareholder in Seaway Offshore Work Platform. Another vessel in the Stolt-Nielsen fleet, the Seaway Yucatan, is to continue working for the Phillips group on the Ekofisk field.

### Lloyd's expected to ban three further 'outsiders'

By Peter Wainwright  
It is almost certain that on Wednesday, the 16-member committee of Lloyd's, will reject three applications still pending to take over Lloyd's broking firms. Last week the committee rejected bids by two large American groups. They were Frank B. Hall, the third biggest quoted American insurance broker, which wanted to buy Leslie & Godwin, and Marsh and McLennan, America's biggest broker, which sought Wigham Poland. The three other companies—none understood to be large—will fall under the same ban as Hall and Marsh. Lloyd's has ruled that no outside insurance interest may normally hold more than 20 per cent of the equity of a broker seeking recognition at Lloyd's. The key consideration for the committee was the independence of brokers so that they could continue to get the best terms for clients. Mr. John M. Regan, chairman of Marsh and McLennan, described Lloyd's decision as "a backward step which is not in the interest of free trade." Some thought that Hall and Marsh could apply to join Lloyd's directly. But to be a Lloyd's member one would have to establish a registered United Kingdom subsidiary. This, if foreign owned, would, under the latest ruling, be ineligible to join.

### British groups gain US Army contracts

Two British companies, Plessey Avionics and Communications and Marconi Space and Defence Systems, are now associated with United States companies in developing the next generation of mobile radio equipment for the United States Army. Collins Telecommunications Products division of Rockwell International, in association with Plessey, has been awarded a \$7m development contract for a "STINGERS" (Single Channel Ground and Airborne Radio System, VHF) programme. In another part of the same programme, Cincinnati Electronics is prime contractor and Marconi is major subcontractor on a \$6.4m development contract.

### Talks start on Rolls-Royce finance

By Our Industrial Editor  
Proposals for refunding Rolls-Royce, the state-owned aero engine concern, are under joint study by the Department of Industry and the National Enterprise Board. The NEB has made a number of recommendations for the authorization of a big new development programme. Negotiations have started on refinancing an NEB loan of £25.2m, due to expire in three months' time. Last year, the company, a wholly-owned subsidiary of the NEB, received £30m in additional working capital in the form of equity and loans. Sir Kenneth Keith, the chairman of Rolls-Royce, submitted a corporate plan to the NEB and the Government in December as a basis for future financial planning. In the light of recent United States orders and studies of future aircraft designs, the Government has received from the NEB a series of recommendations covering the whole future of the company and its technical and commercial strategies. Rolls-Royce has just reported a profit for 1977 of £16.6m, compared with a loss of £21.9m in 1976, after writing off the sum £6.3m in research and development costs for last year. Sir Kenneth's corporate plan is believed to be based on planning now for a sizable demand for new equipment from the early 1980s. He says: "This year promises to be the one in which airlines start to order replacements for their present fleets and to enlarge their capacity to handle the likely increase in traffic. Transfer of all legal titles to properties acquired from R-R Realisations after nationalization is to be completed this year. The original cost of these assets, now written off but still in use, is put at £95m. Rolls-Royce now has a share capital of £250m, of which £195m is issued. One of the matters likely to be covered in the review of financial requirements for future development could be a change in capital structure. The plan would provide more headroom for equity investment now that the company is trading profitably, as opposed to a heavy dependence on interest-bearing NEB loans, most of which are due to expire in the next four years. Although the need to fund British Leyland was very much at the heart of the recent increase in the NEB's financial ceiling on its own borrowing, it was always expected that Rolls-Royce's needs had also to be catered for within the statutory control. Talks on dispute, page 19

### Savings record

Total funds invested in National Savings securities and the National Savings Bank reached £10,000m for the first time at the end of the financial year 1977-78. Net savings for the year, including accrued interest, amounted to a provisional figure of £1,865.7m, an all-time record.

### Breakthrough by Congress chiefs on plans for energy legislation

From Our United States Economics Correspondent  
Washington, April 23—Leaders of the United States Senate and the House of Representatives have agreed that price controls on natural gas sold in the United States will end on January 1, 1985. The decision represents a breakthrough in top-level congressional discussions on formulating energy legislation. However, the Congress has made negligible progress so far on the even more important issue of imposing conservation taxes on oil sold here, and it may still be months before an Energy Bill is finally passed. President Carter has publicly stated recently that he is getting impatient with Congress, and direct pressure by him has at least resulted in the agreement on natural gas pricing. While the congressional leadership has agreed on gas price decontrol a major hurdle lies ahead on Wednesday when 43 members of the House and the Senate debate the agreement. Even if this large committee approves the new decision, it must still be voted upon by both full Houses of Congress. The new agreement calls for phased price decontrol from the present level of \$1.47 per thousand cubic feet. On January 1, 1985, price controls will be removed entirely for a trial six-month period, and the new agreement calls for a review of deregulation by the Congress and Administration. Some members of the Congress believe that a full Energy Bill will not be passed until the late summer, but it is clear that President Carter is not willing to wait so long. He is personally lobbying hard with members of Congress and demanding that they approve his energy tax plans. He is threatening to impose oil import tariffs unless Congress moves rapidly, although he has refrained so far from actually announcing a date by which he expects Congress to act. But there appear today to be increasing numbers of congressmen who are not taking the energy situation as seriously as the Administration would like. The belief there is a world oil surplus and the Organization of Petroleum Exporting Countries will, therefore, refrain from raising oil prices. They believe that American oil imports will fall without an Energy Bill, and they point to latest developments to support this contention. In the past few months oil imports have declined by more than 10 per cent, and possible further reductions may result from increased output in Alaska. Thus the congressional energy debate, which was triggered by the announcement by President Carter of a energy programme on April 20, 1977, lingers on. Despite the natural gas pricing agreement by a number of congressional leaders, it is still far too early to predict the final form of the Energy Bill or when, if ever, it will be passed by Congress. There are fears within the Administration that the congressional delays over energy legislation will undermine efforts by the Treasury and the White House to strengthen international economic policy coordination and boost the dollar. There are fears, for example, that the United States will be stripped of any possible influence it could have in the economic summit meeting in July unless Congress has by then passed a strong meaningful Energy Act.



Robert Maxwell MC, Chairman

### Pergamon Progress

A fifth year of continued growth

- Highest ever profit in 1977 at £3.7m
- Profits 30 times those of five years ago
- Group sales exceed £20m for the first time
- Exports at an all time high of £14m
- Dividends and prospects - The Board recommends a dividend of 10p net per share at a total cost of £1,372,115. It is hoped that a further increase in sales volume will be achieved during the current year and that overall trading results will be satisfactory.

**Pergamon Press Ltd**  
Headington Hill Hall, Oxford

One of the world's leading publishers in the fields of Science, Technology, Engineering, Medicine and Education.

This notice is a correction of the advertisement that appeared on April 21st

### ANGLO AMERICAN CORPORATION GROUP

#### ORANGE FREE STATE GOLD MINING COMPANIES

INTERIM DIVIDENDS—FINANCIAL YEARS ENDING SEPTEMBER 30, 1978

On April 20 1978 dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on May 5 1978, and to persons presenting the relevant coupons marked "South Africa", despatched from shareholders' warrants to bearer.

The books of registers and registers of members will be closed in each case from May 10 to May 10 1978, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 8 1978. Registered members, paid from the United Kingdom will receive the United Kingdom currency equivalent on May 30 1978 of the sum of their dividends (plus appropriate interest), and such members may, if desired, have the sum paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 5 1978.

Members of shareholders' warrants to bearer are notified that the dividends are payable on or after June 8 1978 upon presentation of the respective coupons marked "South Africa" at the offices of Barclays National Bank Limited, Stock Exchange Branch, corner Main and Saint Streets, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, Zurich, Switzerland; Credit du Nord, 5 and 6 Boulevard Haussmann, 75009 Paris, France; and Banque Paribas, 1 rue de la Paix, 75002 Paris, France. Coupons marked "South Africa" must be sent to the transfer secretaries in Johannesburg or in the United Kingdom on or before May 5 1978.

The books of registers in respect of coupons marked "South Africa" may, at the request of the depositor, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The sum of the dividends payable to non-resident shareholders' tax for all the undermentioned companies is 16 per cent.

The dividends are payable subject to conditions which can be inspected at the Head and London Offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company to which the dividend is payable (in the Republic of South Africa)	Dividend No.	Coupons marked "South Africa" No.	Rate of dividend per share of stock
Free State Gold Mines Limited	42	43	130 cents
Proton Brand Gold Mining Company Limited	46	48	65 cents
Proton Brand Gold Mining Company Limited	46	47	30 cents
Wolkom Gold Mining Company Limited	42	—	25 cents
Western Holdings Limited	42	—	100 cents

**DIVIDENDS—REVISION OF DECLARATION AND OTHER DATES**

An announcement was published on February 10 1978, and copies thereof posted to all members stating that in future dividends would be declared by these companies when the actual operating results of the relevant accounting period were available rather than before the end of the period based on estimated results. Accordingly, in respect of the above-mentioned dividend declarations, the declaration, publication, record and payment dates are some five weeks later than has been the pattern in the past.

It is intended that this dividend pattern will be followed in the future.

By order of the Board  
R. S. EDMUNDS  
Company Secretary

Head Office  
44 Main Street,  
Johannesburg 2001  
(P.O. Box 6188)  
Market Street, 11071

London Office  
48 Holborn Viaduct  
EC1A 1JY

Office in the United Kingdom  
Transfer Secretaries:  
Charter Consolidated Limited  
P.O. Box 102  
York House,  
Park Street  
Aldford, Kent TN24 5EO

Johannesburg  
April 21 1978



## MANAGEMENT

Edited by Rodney Cowto

# Cape Industries

	Year ended 31st December 1977	1976
Turnover	£155.4m	£133.1m
Profit before taxation	£11.9m	£14.2m
Profit after taxation	£9.4m	£9.3m*
Profit after extraordinary items	£6.2m	£9.0m*
Earnings per ordinary share	39.1p†	38.9p*
Dividends per ordinary share	8.2064p	7.3474p

\* Re-stated for changed policy on deferred taxation.  
† Before extraordinary items.

- \* Group profit below 1976 peak due to reduced demand in the Mining Division.
- \* Profits of Building and Automotive Divisions higher for fifth consecutive year.
- \* Maximum permitted increase in dividend.
- \* Record capital expenditure of £14 million in 1977.
- \* Capacity exists for improvement in 1978, says Mr. R. H. Dent, Chairman.

Copies of the Report and Accounts are available from the Secretary,  
Cape Industries Limited, 114 Park Street, London W1Y4AB  
Building and Automotive Products, Insulation Contracting, Mining

Senior British Leyland engineers spent a lot of time on the Fiat stand at the Turin Motor Show last week studying the construction of the Italian company's latest car—the Ritmo. And well they might, for the novel assembly processes behind this small family saloon could add a new dimension to the European motor industry's efforts to repel the Japanese.

Fiat has not only taken automated body assembly a big step forward but it also appears to have overcome the failure of existing mechanized systems, their lack of flexibility.

The Italians have broken away from the traditional assembly line. Unlike the much-publicized pioneering venture at Volvo, Fiat's Robogate system is geared for mass production—over 450,000 cars annually compared with a few thousand a year at Volvo's Kalmar plant.

But Robogate's effectiveness will still be suspect until there is ample evidence of the amount of "down time" necessary for repairs and maintenance. There is little doubt, however, that its concept—offering fewer workers, more output, and flexibility—promises exciting advantages to European car makers.

However, it does raise questions about the competitiveness in two years' time of the system.

British Leyland has chosen for its new Super Mini. Details are now circulating in the industry which make it clear that although the British firm is investing in the most automated body-building line yet seen in this country, it is still based on traditional technology and geared for the production of a single model—

to the tune of over 400,000 bodies a year.

Robogate, as installed at Rivaletta and Cassino, can top this by 50,000 units, but can still be switched to produce another model in the course of a single shift. This ability to react quickly to market demand—and demand is notoriously fickle when you are serving markets in many countries—has long been an elusive target for the world's car makers.

Instead of a fixed assembly line, Fiat is using mobile pallets driven by battery-powered electric motors. These follow magnetic tapes hidden in the floor, and transport the body from one welding station to another. The whole operation is computer controlled, another advantage which will not be available to the Super Mini.

Each of the welding stations is composed of a number of robots, some made in England by the American-owned Unimation Group, and others developed by Fiat's own technicians.

The name Robogate is a blend of robot and gate. The

## Fiat's advanced technology poses questions for British Leyland

Different aspects of the task of producing new car models are discussed by Clifford Webb and (below) Sydney Paulden

"gateline" method of welding car bodies is the one at present employed by most motor firms. The assembly line carries body panels through gates on either side of the track. These automatically close and a number of welding operations are carried out both manually and automatically.

In the new system, the gates remain but instead of fixed welding heads or workers, robots carry out all the welds. Signor Nicola Tufarelli, head of Fiat's automotive companies, said Robogate only required 28 men to do the work previously done by 128. It was planned to introduce it throughout Fiat in the next five years, and already Chrysler wanted to adopt it for use in America.

Asked if the system would be available to firms such as British Leyland, he said: "We are open to similar approaches from any other car firms."

There will be no immediate decrease in the number of Fiat employees, because the company had to give an undertaking to the increasingly militant Italian unions that the introduction of Robogate would not cost a single job.

On the other hand, it does mean that if at some time in the future Fiat wants to make a substantial increase in production, it can do this with the same labour force.

It also enables Fiat to meet one of the motor industry's most pressing problems—boredom leading to strikes. Plant managers in this country are well acquainted with the "downer" which owes its origin to nothing more sinister than the depressing prospect of another eight hours of boring, repetitive work.

It is not generally realized when talking of this problem that the German and French motor industries counter this by employing large numbers of foreign workers—Turks, Italians from the south, Greeks, Algerians, and the like. Employed on short-term contracts, as little as one year in some cases, they only have one objective, to earn as much as possible as quickly as possible, before they return home.

But Fiat like British Leyland employ a near 100 per cent national workforce—men who carry out the same task year

in and year out. It is the id recurring ground for many. Now Fiat insist they have the means to counter this: switching men from menial tasks to skilled maintenance work. "The robots will do boring work while the men will keep them going," Sign Tufarelli said.

There are considerable gains in this argument, however. All assembly line workers in the aptitude necessary to convert to skilled maintenance work, and additionally in the United Kingdom they would come up against demands for training between unions. The Super Mini body would seem to offer few maintenance problems because its mixture of robots and stationary multi-work machines follows well-tested techniques in existing Japanese and German plants. But it is still enormous step forward.

The present concentration on mechanization rather than on versatile maintenance has been a bone of contention between management and workers. The men prefer to do something to break before a response while managers will like to stop the breakdown occurring in the first place.

"Downer" are already expressed in some gear about the Longbridge maintenance men's ability, or determination to keep the new running. And a breakdown be just as costly as a strike.

## S. Pearson & Son

### Preliminary Announcement of 1977 Results

#### Group Profit and Loss Account for the year ended 31st December

	1977 £,000	1976 £,000
Profit of the group before taxation	44,938	38,583
Deduct proportion attributable to minority interests	11,659	10,045
Profit before taxation attributable to S. Pearson & Son, Ltd.	33,279	28,538
Taxation thereon	17,028	14,046
Net profit attributable to S. Pearson & Son, Ltd. before extraordinary items	16,251	14,492
Extraordinary items	2,504	3,152
Net surplus including extraordinary items	18,755	17,644
Dividends		
Preference shares 3.5 %	18	18
Ordinary shares		
Interim 2.0p (2.0p)	1,368	1,363
Final 4.80927p (4.168285p)	3,291	2,852
	4,677	4,233
Surplus retained and added to reserves	14,078	13,411
Earnings per ordinary share, before extraordinary items	23.72p	21.24p

#### Notes:

##### 1. Dividend

The directors recommend a final ordinary dividend for the year to 31st December 1977 of 4.80927p per share which, together with the interim dividend paid of 2.0p makes a total for the year of 6.80927p, the maximum permitted. The proposed final dividend will be paid on 12th June 1978 to shareholders on the register at the close of business on 15th May 1978. The annual general meeting will be held on 26th May 1978.

##### 2. Attributable profits before taxation

	1977 £,000	1976 £,000
Whitehall Trust (Lazard Brothers and Investment Trusts)	8,738	6,556
Pearson Longman (Publishing)	13,016	12,019
Doulton (Ceramics, Glass and Engineering)	11,928	10,888
Midhurst Corporation (North American interests)	1,842	2,110
Other interests	906	246

Pearson head office: Interest and expenses

	1977 £,000	1976 £,000
	36,430	31,819
	3,151	3,281
	33,279	28,538

##### 3. Turnover

(excluding banking and investment income)  
Pearson Longman  
Doulton  
Other subsidiaries

	1977 £,000	1976 £,000
	145,637	129,277
	171,695	149,392
	11,159	11,327
	328,491	289,996

##### 4. Extraordinary items

Net surplus (deficit) less minority interests and taxation on:

	1977 £,000	1976 £,000
Realisations:		
Interests in associated companies	247	3,320
Interests in subsidiaries	364	—
Properties	(989)	81
Investments held for the long term	3,009	(180)
Goodwill	(138)	(28)
Miscellaneous	11	(41)
	2,504	3,152

##### 5. Taxation

Total taxation including overseas taxes 4,015 (1976-4,465).  
Deduct proportion attributable to minority interests.

	1977 £,000	1976 £,000
	22,682	19,094
	5,654	5,048
Attributable to S. Pearson & Son, Ltd.	17,028	14,046

## Lagonda sets out on a new course

The fact that the world's most advanced car, a computerized Lagonda, is being handed over to its first customer today is not small, they due to the pressures of the crisis.

Three years ago, Peter Sprague, now chairman of Aston Martin Lagonda (1975), read of the collapse of the old car firm in the obituary columns of the *New York Times*.

The company was "more famous dead than alive", he said. Sprague, by what was written there, he called the receiver and flew to the United Kingdom from his farming retreat in the United States.

On his fact-finding visit to Newport Pagnell he fell in love, not so much with the car but with the factory. "With the craftsmanship, the intelligence, the dedication of the workforce", he says. He decided he would like to save it all, but that it was essential to have an English partner in addition to the Canadian George Minder, the Aston Martin distributor in Canada, who was also desperate to do salvage operation.

That was when Alan Curtis came on the scene—a man who had made his name and his fortune in office property development and building. "I don't know anything about cars", Mr Curtis told Peter Sprague when they first met. "That makes no difference", was the reply. Now, Alan Curtis is the full time managing director of Aston Martin and has proved that management skills are effectively transferable. The company is thriving and riding merrily along on a full, profitable order book.

The company is small. Its total workforce is less than 400 and its annual turnover is no more than about £7m. Its in-

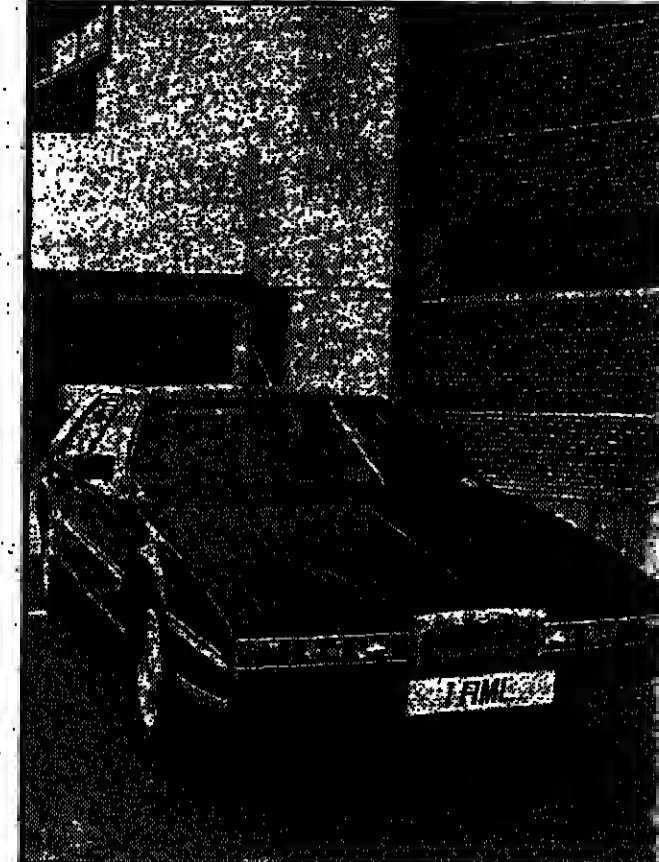
### No sophisticated company plan rather a pattern has evolved through managerial instinct

terest to the British public and even to the world at large, however, is far out of proportion to its size. Anything that management does is scrutinized by the nation.

The management's efforts so far, bear scrutiny and can offer lessons to others who are less in the limelight. There has not been any highly sophisticated company plan, but, nevertheless, a pattern has evolved through management by instinct on the part of highly experienced executives.

The first lesson was that this stately company could not be adequately managed by an absentee landlord. Those who had come to the rescue with a total of just over £1m were all busily engaged, remote from Newport Pagnell, in their other lucrative activities. Mr Sprague was in the United States, Mr Minder in Canada, George Fletcher, a fourth investor, was a retired Sheffield steel manager. So, Alan Curtis, found executive responsibility thrust upon him and took the general manager's chair full-time.

The next big step was a



Aston Martin's new Lagonda: changing gear for the affluent expert markets.

clear statement of company objectives, easily understood by every member of the company. Previously, workers were paid by a high hourly rate. If there was a rise in market demand for the cars, the shopfloor workers admit, they did overtime and more workers were also taken on. If demand slackened, to avoid redundancies, unproductive workers were kept on.

Now, every worker is guaranteed a good basic wage to contribute to the production of five complete cars a week. Bonus is paid to each worker on the sixth car. Joe Dorville, formerly the works convenor, now on the works committee, says: "No one should be expected to mortgage up to the level of overtime. Bonus has to be treated as just that—bonus."

The incentive, however, is to increase productivity and ideas have been generated from the work sections. The four skilled men fitting all the case mechanical parts have devised their own system of work, whereby they act as a team and change jobs to avoid monotony. This increases output and, at the same time, it means that if one of them is away, there is someone capable of doing the necessary work to avoid halting production. Previously there were 500 men building five cars a week. Now, 390 men build six, and sometimes seven a week.

Although many of the workers are members of a union, no union has gained recognition for negotiations with the new management. Alan Curtis invited ACAS (Advisory, Conciliation and Arbitration Service) to investigate the Transport and General Workers' Union's claim for recognition in the factory. He called a general meeting of the total workforce and explained that the choice was theirs. Recognition was voted out.

There is a 12-man works committee, chaired by the production manager, with representatives of office staff and each main work section, such as the panel shop, electronics, engine shop and paint shop. Mr Curtis frequently attends, and is often in the factory with the first arrivals. "Talking to the directors", said one shopfloor worker, "is the same as talking to anyone else around here. They listen, even if they disagree."

The new management has in-

creased the emphasis quality to suit a complete new breed of customer. In old days, the customer ten to be an Aston Martin fan but now Mr Curtis sees buyer as "the professional man, married with a couple kids. He does a lot of hush driving, wants to enjoy journeys and wants fault performance."

To achieve the right quality as a profit, Mr Curtis and colleagues raised the price for the two-door start car from about £16,000 to £20,000. Orders increased. Much of the new business coming, of course, from the United States, which for a market used only to top slack when the British car was at a low ebb.

Peter Sprague has been tugging up a new stable of 11 superb car dealers, concentrated mainly in the region California. When the photo of the new Lagonda was released last year, it was painted silver and blue, bedecked with references to the silver and blue of the prime show at the Los Angeles car sale. "There were no Lagondas sold", he says, "but we actual orders for the Aston Martins every day of 10-day fair."

In the United Kingdom, company has taken the ordinary step of forming a new company to act as a dealer for the Lagonda area. Mr Martin (Sales) has been set in Sloane Street because company could not find really suitable existing dealer. "That will be our p wherever we come up as the same obstacle," say new owners.

"When we're ready expand, we'll do it in States, if necessary, too. At least we can prove that the car can provide a profit for a car." There has been attention given to the second hand car market, with expanded spares, service and renovation division at Newport Pagnell, putting a stream superb old Astons back on road, in top condition. Peter Sprague has been to provide as much as input for Aston Martin. He took over Aston's sales division, putting it on a new basis, and now, after a number of years, the company is in a position to start a new chapter in its history.



# Greenock moves into electronics era

## Industry in the regions

Unemployment continues well above the national average at 11 per cent in the town of Greenock, which has come to depend on development area status.

Traditional industries of building and engineering have declined in level since the early 1970s, but the town has been able to attract new industries in the area of electronics, which has been a major factor in the town's recovery.

There are signs that the new industries which have been established in the area, such as electronics, are beginning to absorb some of the unemployment in the town. The new industries have been established in the area, such as electronics, are beginning to absorb some of the unemployment in the town.

The new industries have been established in the area, such as electronics, are beginning to absorb some of the unemployment in the town. The new industries have been established in the area, such as electronics, are beginning to absorb some of the unemployment in the town.

National Semiconductor's plant is the industry's first to be built exclusively for the production of four-inch wafers from which up to 1,780 micro-integrated circuits are cut. But what is more remarkable about the plant is that a year ago it was a pile of charred debris after a fire.

Mr. Jerry Brandeberry, National Semiconductor's United Kingdom managing director, said: "The most valuable asset that any company can have is its staff. And that has proved doubly true for us in an industry which requires such high levels of skill, training and concentration."

"The dedication of the Greenock staff is beyond question. At the time of the fire the company employed 450, including production and office staff, engineers and designers. The day after the fire they turned up in strength to help with the salvage and clearance work."

A decision had to be taken on redundancies and on when, and if, the Greenock plant should be rebuilt. Mr. Brandeberry said: "After seeing the damage and meeting the staff I got in touch by phone with our company president, Charles Sporek who was in Bangkok at the time and we took the decision to go ahead and rebuild."

lay off we were reluctant to lose a trained and loyal workforce."

It was then that the company decided that if they couldn't provide jobs in Greenock they could in the United States where there are two other wafer fabrication plants at Santa Clara, California, and San Jose, California.

Mr. Brandeberry said: "We were delighted with the response. In all 125 men and women went to the United States factories. They stayed for periods of between three and six months learning different production techniques and how to handle other equipment."

This practical experience has now given us a flying start with the new four-inch wafer. We have been able to start full production immediately on completion of tests and we consider that the plant now has the most highly skilled staff in Europe."

The speed with which the plant was back in operation—just eight months from the fire to the first wafer coming off the production line—is a measure of the attitude of the whole area.

Support from local and regional government offices, from contractors and subcontractors, architects, consulting engineers, surveyors, and everyone who has been involved in the smallest degree, has helped us achieve what most people thought was impossible at the time of the fire—to get back into production within the year."

The factory is now building up its workforce, those who had to be laid off have been offered their jobs back where possible and all have accepted—and by 1980 it is hoped to build the workforce up to nearer 800.

The plant will be exporting 75 per cent of its output, much of it to Europe. Much of the design work is for European television set makers who incorporate up to 10 times more value in integrated circuits than their American counterparts. Partly this is because more and more digital functions are being added to the basic set.

The products made at Greenock are particularly suitable for the consumer product makers because of their quality and reliability. The plant operates a quality level of less than 0.1 per cent, compared with the industry standard of 0.5 per cent.

Another possible outlet for the plant's products could be the motor industry. National Semiconductor chairman is Peter Sprague, the young Californian who is best known in Britain as the rescuer of Avon Martin Lagonda, which now incorporates electronic control systems in its new luxury saloon.

Mr. Sprague said: "What has happened at Greenock is quite amazing. A year ago we had a pile of debris and the prospect of losing a well trained and enthusiastic workforce. With the help of local and regional government and the people at Greenock we now have a highly productive and efficient plant in operation after less than 12 months."

David Young

## Business appointments

### Tate & Lyle makes board changes

Mr. Saxon Tate has been appointed group managing director of Tate & Lyle. He continues as chairman of the board's executive committee. Mr. James Forbes has joined the company as a senior executive director with special responsibility for finance.

Mr. F. R. D. Holland, chairman and chief executive of the C. E. Heath Group, is resigning as chairman and director of C. E. Heath (Insurance Brokers), and the following appointments have been made: Mr. J. R. Mikami (chairman), Mr. J. J. Burton and Mr. J. G. Shaw deputy chairmen, Mr. D. H. Chambers, Mr. A. W. Frost, Mr. D. R. Gilman, Mr. R. A. Green, Mr. P. O'Grady, Mr. M. L. Ward, directors; C. E. Heath (Aviation), Mr. Mikami (chairman), Mr. D. P. Trezies, managing director; C. E. Heath (International), Mr. C. Heath, chairman, remaining managing director; C. E. Heath (Cruisair), Mr. C. Heath, chairman, remaining managing director; C. E. Heath (UK), Mr. R. C. Pooley, chairman, remaining managing director; Mr. W. M. McDonald, director; C. E. Heath & Co (Latin America), Mr. Shaw gives up the managing directorship but remains chairman, Mr. A. J. Hamilton, managing director.

Mr. H. E. Fitzgerald, chairman of Eastern Producers (Holdings), has joined the board at Associated Fisheries. Mr. J. Wrigley is now on the board of May and Hassell. The new managing director of

John Haddon is Mr. T. E. Romp, who succeeds Mr. E. N. Oliver on May 1.

Mr. Hans Gauthier Zempelin has been made a director of British Enkalon.

Mr. D. A. Whitaker has been appointed to the board of Brush Switchgear.

Mr. Graham Burns is now a director of Walport Telfair International and will succeed Mr. Geoffrey Nugas as managing director from May 15.

After the acquisition of Daniels and Daniels and Continental Fashions (Leicester) by Alpha Leather, Mr. S. P. Daniels and Mr. R. R. Garrard have been appointed to the board of Alpha.

Mr. M. Morrison-Jones and Mr. C. Butterworth also join the board.

Mr. C. J. Spence joins the board of The English Association.

Mr. R. S. Leighton and Mr. G. F. Owen become deputy chairmen of Weston-Evans Group. Mr. G. Forsgren-Lacey, Mr. R. C. McBride and Mr. T. Ryan join the board.

Mr. Richard Dennis and Mr. Norman Walling have been appointed to the board of Rediffon Computers.

Mr. M. W. O'Brien, Mr. D. C. Ashby, Mr. G. A. Mansbridge and Mr. W. Moore have become directors of Hogg Robinson and Garner Mountain International.

Mr. G. H. Lidstone becomes executive chairman of Air West and Mr. Michael Heathcote Amory joins the board.

Mr. Gerry Pickett has been appointed to the board of Kildal Engineering.



## Boddingtons Breweries Ltd

### FURTHER PROGRESS IN SALES AND PROFITS

Results in brief	1977	1976
Year to 31 December 1977	£'000	£'000
Turnover	17,914	14,981
Profit before tax	3,066	2,906
Profit after tax and extraordinary items	1,502	1,337
Dividend payments per share	3.9003p	3.5231p

Points made by the chairman, Mr. Ewart A. Boddington:

- Both sales and profits were a record for the eighth year in succession. Total sales in volume rose by 10.6 per cent and Boddingtons' own beer sales by 13.6 per cent.
- Bonus issue of one ordinary share for every two held.
- Dividend represents maximum permitted increase.
- £1.6 million expansion of production facilities will be completed by mid-summer.

Annual General Meeting, Lesser Free Trade Hall, Peter Street, Manchester, 11.30 am, Monday 15 May 1978.

Copies of the Annual Report may be obtained from: The Company Secretary, PO Box No 331, Strangeways Brewery, Manchester M40 3EL.

## W attempt to dispute Rolls-Royce

ew move is expected to lie today to end the three old wages dispute at the Royce aeromarine company in Coventry which has two factories and made workers idle.

use of the deadlock local are discussed the issues the management. Mr. Robinson, Labour MP, by NW, has urged a point peace formula. He says that the company pays 10 per cent wage claim manual workers and the piece-work grievance a separate basis.

## Standstill threat for Courtaulds plant at Coventry

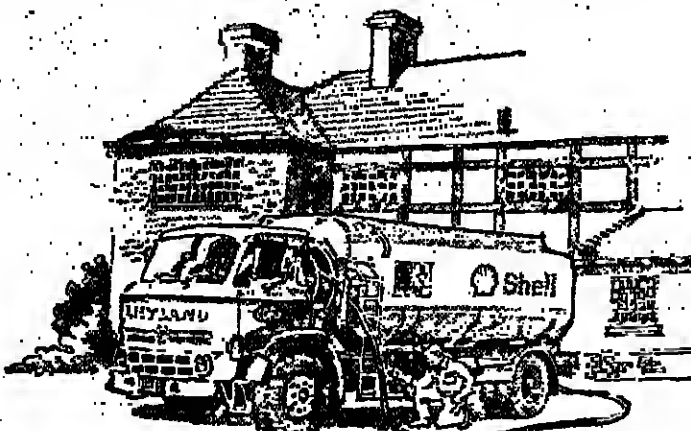
The big Courtaulds man-made fibre company in Coventry could be brought to a standstill today if the production force obey a call by shop stewards for strike action. The stewards for seven weeks have been concerned over a dispute in the firm's carbon fibre plant where 32 workers have been on strike, claiming more pay and improved labour manning levels.

On Friday, the 32 received dismissal notices after their rejection of a company offer on their grievances. Now, 600 workers are expected to attend a meeting today to ratify a shop stewards' call to withdraw their labour.

# "Our financial position remains strong... Our liner trades are a sound, long term investment"

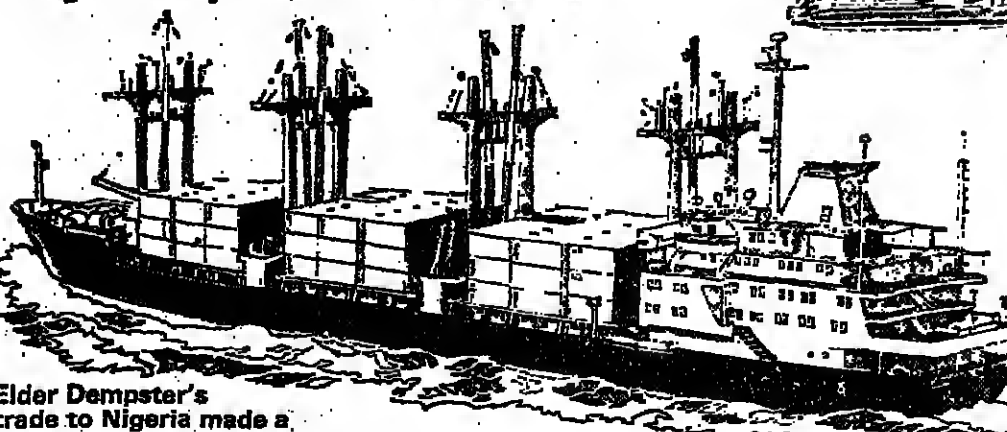
Sir Lindsay Alexander, Chairman of Ocean Transport & Trading Limited.

**1977 RESULTS.** Our hopes of improvement in our pre-tax profits over 1976 have not been fulfilled. We underestimated the continued stagnation in world trade. Further, whereas our 1976 pre-tax profit had benefited from a weakening pound sterling, the considerable and rapid fall in the value of the dollar, during the last few months of 1977, had the reverse effect. Our attributable profit shows improvement, even after bearing a substantial provision for some terminal payments. Our pre-tax profit fell from £41m to £39m.



The oil distribution services of Wm. Cory in the South-East, Reo on Merseyside and Fuel Supplies (CI) in the Channel Islands improved in 1977 over 1976.

**BALANCE OF PAYMENTS.** The Group's contribution to the UK balance of payments in 1977 was £118m. £54m was spent overseas in earning it. It also invested £20m in foreign currency, leaving a net contribution of £45m. Its share of associates' foreign currency contribution is substantial.

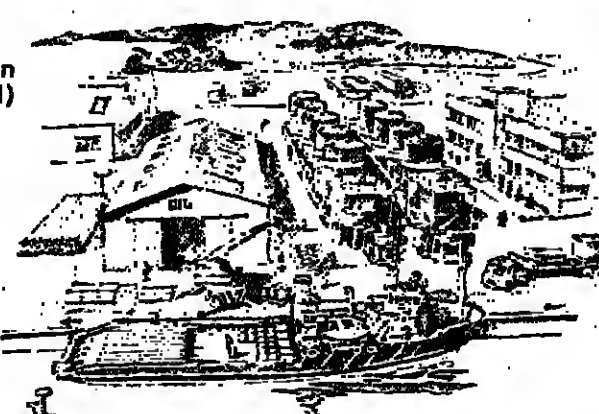


Elder Dempster's trade to Nigeria made a healthy contribution to profits.

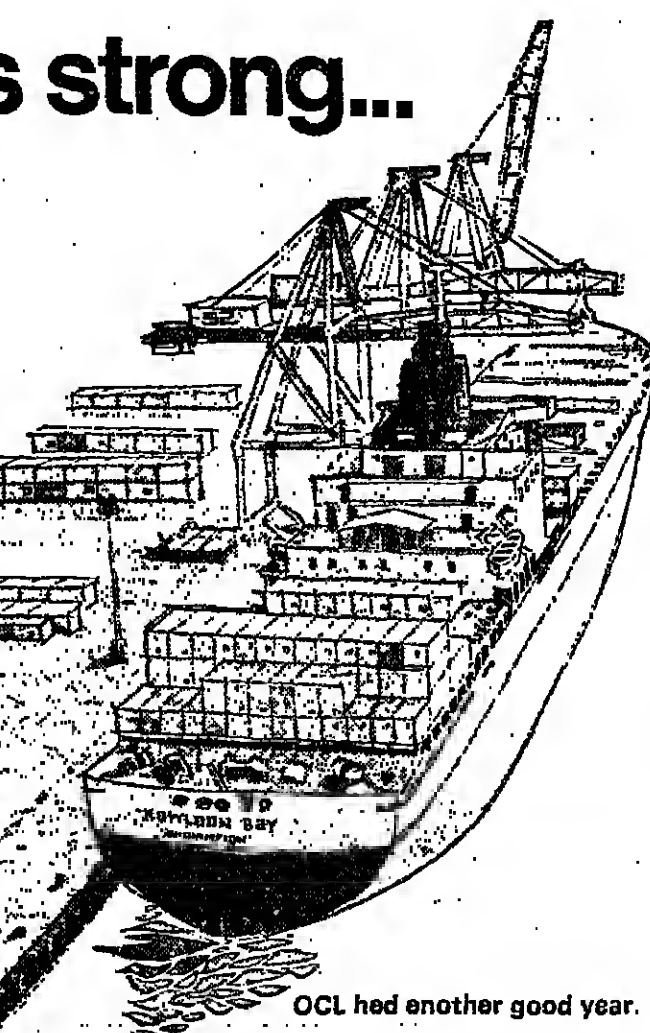
**SHIPPING OUTLOOK.** The prosperity of shipping depends primarily on the growth and prosperity of world trade. Hopes of return to relatively high growth rates continue to be deferred. Most of our liner trades have not been seriously affected by overtonnage—as the satisfactory results of our West Africa trades and OCL testify.

## OUTLOOK FOR OCEAN

We are still largely a broadly based deep-sea shipping company, strong in liner trades both directly and through OCL and with a relatively modest commitment to bulk trades. The fall in our participation in OCL was due to the introduction of new trades so that we have accepted a smaller share of a correspondingly larger pool of trades. We can be assured that our liner interests are a sound, long-term

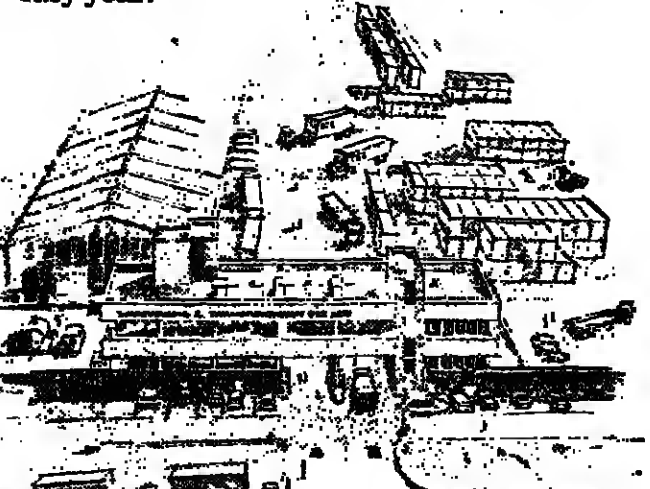


Ocean Inchcape (Oil) had a successful year and expended its worldwide operations.



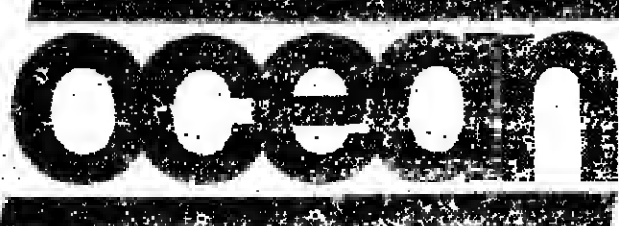
OCL had another good year.

investment which we can expect to yield satisfactory profits in future years. We no longer rely wholly on our traditional maritime interests as a source of profit. Straits Steamship is now widely diversified in S.E. Asia and our holding should grow in value both as a profit earner and as a currency and inflation hedge. In Ocean Inchcape Ltd. we have an enterprise of growing importance to us in the growth area of world-wide offshore oil exploration and production. In Ocean Cory we have a number of promising activities unconnected with the ups and downs of the shipping cycle. All these activities complement our marine business. It is too early to make firm predictions about this year's results, but 1978 will not be an easy year.



The broad based activities of Straits Steamship performed well in Singapore. Container handling capacity is being expanded.

## The wide world of



Copies of the full Report and Review by the Chairman, Sir Lindsay Alexander, can be obtained from the Secretary, Ocean Transport & Trading Ltd., India Buildings, Liverpool, L2 0RB.

Ocean Transport & Trading Limited

## Stag Furniture Holdings Ltd.

	1977	1976
	£'000	£'000
Turnover	16,609	14,772
Pre-tax Profits	1,358	1,565
Earnings per Ordinary Share	16.17p	18.49p
Total Net Dividend per Ordinary Share	4.8p	4.3p

Points from the statement by Mr. P. V. Radford, Chairman

- Despite lower profits, Group did well in exceptionally difficult year for the industry. Prospects for future good.
- Group continues in strong financial position.
- 1978 started well, preliminary results indicate achievement of targets in turnover and profits.

Copies of the Report & Accounts may be obtained from the Secretary, Stag Furniture Holdings Limited, Heydon Road, Nottingham NG5 1DU.

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Acquisition of Transflash will ensure enlarged UK forwarding base for expansion into new overseas markets.



# Swedes answer chipboard dumping charges

By R. W. Shakespeare

Persistent reports that Swedish manufacturers are "dumping" chipboard on the British market have been strongly challenged by the managing director of one of the largest Scandinavian producers.

His blunt reply to British manufacturers who complain about competition is that if they improved the quality of their products and gave the kind of service that customers expected most of their problems would cease to exist.

Earlier this month, the British Wood Chipboard Manufacturers' Association claimed something of a victory when negotiations conducted through the European Commission resulted in agreements under which Swedish and Spanish manufacturers will observe minimum price and export levels to Britain. The association is now urging similar agreements with Finland, Romania, Norway and Portugal.

Dr Monty Nicholls, chairman of the

association, is on record as saying: "This is the only way to conserve United Kingdom-based processing capacity and consequently a flourishing wood growing industry."

Although the board industry attracts less general attention than other sectors like cars, electronics and textiles that have been at the centre of political argument over import controls, it is a key area with enormous markets in furniture manufacturing and construction.

The Scandinavians pioneered the product and the technology for its manufacture and carried out huge marketing operations in Britain. The Swedes, in particular, feel aggrieved that they are the target for "dumping" allegations.

Mr Gunnar Munthe, managing director of Fineboard (the parent company is at Valber, Sweden), told me in an interview at the weekend: "The way British producers are rushing around Europe accusing almost everybody of dumping reminds me of history lessons in which we were taught that governments faced with difficulties at home

used to declare war on some other country in order to make its own economy forget its problems."

"I suggest that if all the British particle board manufacturers not only produced the quality required by the market, but also gave the service one should expect of a home producer—for instance, quick deliveries from stock—buyers would prefer to give them their business. After all British mills have the potential to meet about 50 per cent of the United Kingdom's consumption."

Mr Munthe claimed that the West German, French and Belgian view of the United Kingdom market, as being one that could be used for off-dumping when they felt it necessary, was very different from the responsible attitude taken by Nordic suppliers who had a long-term interest in the market.

He said: "One has only to go back to 1976 to see how certain Continental producers ruined the United Kingdom market by accepting bad advice from both agents and importers and selling

at levels far below that prevailing at the time."

Mr Munthe said that although production had exceeded demand for about four years consumption was continuing to increase, no new mills were being built and particle boards were constantly finding new markets. He expected production and demand to level out within the next year.

He added: "As far as the Scandinavian producers are concerned they very rightly consider the United Kingdom as one of their traditional markets. They have stuck to the market through thick and thin receiving very little compensation when sterling dropped catastrophically."

"Sweden has for centuries been a major trade partner with the United Kingdom and fairness has always prevailed between the two countries. If we all spent more time on further improving not only our products but also the service we offer, the volume of our sales would increase more rapidly and supply would sooner catch up with demand."

## LETTERS TO THE EDITOR

### Why there is insecurity among Post Office engineering staff

From Mr B. Pickard

Sir, You published a letter on April 12 from Sir William Barlow, chairman of the Post Office, concerning forthcoming technological change within the Post Office. I consider that this letter abounds with inaccuracies and misconceptions directed towards the engineering grades.

It appears that both Sir William Barlow and Brian Stanley (Post Office Engineering Union General Secretary) are both ignorant of the deep feeling of insecurity and frustration that has set into the engineering grades and are concentrating their efforts into using these grades as a pawn in their own power game.

Sir William Barlow states: "Unfortunately we often find that employees believe that their particular kind of job on existing equipment is something that they should be permitted to carry out throughout the whole of their career and we have considerable problems in persuading people to accept training and redeployment on to new types of equipment."

This statement is a gross inaccuracy and affront to all technical officers on the PO. We as grades have always accepted new equipment such as STD, 1SD, Transis, TK1, TK2, for example, in the past 10 years and have always considered ourselves in a constant process of training.

It must be pointed out that the PO runs numerous training schools throughout the country and, just taking one of these, for example, Stone Training Centre, the true picture of co-operation becomes clear. Most courses last on average four

weeks—that is, four weeks away from both family and home, four weeks of travelling on average 200 to 300 miles in your own time on Sunday night to arrive for an eight o'clock start on Monday and then the same return journey again in your own time after four o'clock on a Friday night for the grand allowance of £1.80 a night. I challenge Sir William Barlow to name any other company where this would not only be accepted but accepted willingly. Is this the so-called reluctance to accept progress and retraining?

It has also been stated that the attitude of "What's in it for us" is shortsighted and undesirable, but for years this has been the attitude of both PO and consumer. The PO has gained a £300m profit last year and an even larger projected profit for this year. The consumer, price freeze on charges for three years, and a more modern and efficient service. The technical officer on the other hand has gained a lower standard compared with outside industry, an even standard compared to other grades in the PO if the restructuring proposals put forward by the PO are to be taken seriously, and so called productivity payments that look more like a rise in pocket money for girl guides than a sensible reward to the people who are the backbone of our productivity and new working practice within the PO.

Sir William Barlow holds Japan up as a yardstick, but now they are replacing the new aids from far-sighted management that realizes that increas-

ing technological change go hand in hand with a considerable financial and human cost. On the other side they have gone comparatively lower wages years ago to compare higher wages now, while have stood still, despite vast amounts of change in their own industry. On the other side they have guaranteed employment, a constant throughout the company just with a few so called "voluntary" redundancies with the whole staff—and are now working at hours.

A recent report states we could stand to lose 70 to 90,000 telecommunication jobs by the 1980s through modernization. How many these could be saved by inducing a 35-hour week? Why have the PO not proposed some well financed and controlled voluntary redundancy scheme to be voted on by everyday PO worker?

British management seem to hold Japan up as a technological and business Utopia, management itself will change—it still employs the same attitudes which have been met by union leaders, and the only way who are not consulted, a therefore suffer, are the employees.

Come on, let us see management and unions as this ritual confrontation, a come together and listen to the arguments for once.

B. PICKARD,  
17 Bolton Avenue,  
North Shields,  
Tyne & Wear.

### Tests of new chemicals to cost more

By Our Industrial Correspondent

Much greater expenditure would be required in industrialized countries for the testing of new chemicals, Mr Edward Langley, Deputy Chief Inspector of Factories, Health and Safety Executive said at the weekend.

The requirement for more investigation into the properties of substances would undoubtedly tend to slow innovation, but these costs should not be regarded as an unnecessary burden. The cost incurred in compensating those who might become victims of inadequately tested chemicals, he stressed, was not to be overlooked.

In the past 10 years, he said, some four million new chemicals had been identified, and from 1950-70 annual world production of synthetic organic chemicals had increased from seven million tons to 63 million tons. At this rate, production in 1987 could be 250 million tons. It was estimated that between 20,000 and 30,000 chemicals were being manufactured in quantities greater than one ton a year.

Addressing the Belgian Association of Business Lawyers in Brussels, Mr Langley said that there had been wide and growing public concern at the number of incidents of people being exposed to toxic substances arising from ignorance, neglect or accident.

On the proposed statutory scheme for the notification of toxic substances in the United Kingdom, he said that the main objectives were to assess potential hazards and to assist the Health and Safety Executive in early detection of such hazards.

### Setback to hopes of agreement on an EEC policy for shipbuilding

By Peter Hill

European governments are deeply divided over the European Commission's plans for restructuring the Community's shipbuilding industry. Hopes of an early agreement have been received a further setback.

It is nearly seven months since the Commission outlined a plan for reorganization based on a draft by commission experts under the direction of Viscount Etienne Davignon, the Commissioner for Industry.

The Davignon plan met with strong opposition from a number of member states and from shipbuilding industry organizations throughout the Community. Leading opponents are Britain and Italy, while France is largely supporting the plan.

In the wake of the opposition, which suggested that capacity would have to be cut back by 45 per cent between the end of last year and the early 1980s along with the loss of between

50,000 and 60,000 jobs, the Commission was obliged to call for detailed observations.

The Council of Ministers is expected to discuss the plan again at its meeting in June. But the ad hoc group of government officials from the member states which was asked to discuss and submit its views to the Community's Council of Permanent Representatives will shortly submit a critical assessment of the Davignon scheme.

Officials completed their discussions at the weekend and it is clear that the differences still exist. There is general agreement that the industry is faced with a major crisis and that some action has to be taken to stabilize the position, and to carry through some form of rationalization.

But the countries are deeply divided over the form and scope which the measures should take and it is clear that prolonged discussions will be required before agreement can be reached.

Britain remains strongly opposed to any formal target being set for capacity reduction throughout the industry. This has been made abundantly clear in public statements by senior executives of British Shipbuilders and Mr Gerald Kaufman, Minister of State for Industry.

The United Kingdom has taken the lead in the international subsidy race in order to secure orders, and is involved in negotiation with the commission over the introduction of a further tranche of subsidy money to aid the shippers.

The ad hoc committee's report, it is understood, will make clear the need for the commission to reconsider its approach to capacity reduction. Japanese officials have criticized the spread of subsidies and other forms of aid in European countries.

Italy and holders of foreign shares and bonds bought before July 27, 1973, are to be allowed to switch their holdings into other foreign shares and bonds without being subject to the 50 per cent ceiling imposed on that date.

Signor Vittorio Barattieri, adviser at the Ministry of Foreign Trade, wrote in a newspaper article today that the ministry was preparing a circular on the subject, adding that the foreign investments potentially affected were estimated at more than \$1,000m.

The circular was designed to bring two important benefits. First, Italian bodies raising funds through Eurobond issues would be able to count on potential Italian buyers. Second, owners of foreign holdings would, by switching, be able to increase the return on them.

New purchases of bonds would, however, have to have a maturity not superior to the original investment.

### Bond sales concession to Italians

From John Earle

Rome, April 22

Italian holders of foreign shares and bonds bought before July 27, 1973, are to be allowed to switch their holdings into other foreign shares and bonds without being subject to the 50 per cent ceiling imposed on that date.

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New purchases of bonds would, however, have to have a maturity not superior to the original investment.

### Household theft figures up by more than 35 pc

Insured theft losses in Britain rose from £48.4m to £64.2m last year, according to the British Insurance Association.

Thefts from homes climbed by more than 35 per cent—the highest increase recorded for one year and accounting for nearly half of the total losses.

Mr Pat Barrum, chairman of the BIA Crime Prevention Panel, said: "Theft losses from private homes have increased during the last four years by 200 per cent which is more than double the rate of inflation over the same period."

### £75m satellite contracts for British Aerospace

By Kenneth Owen

Technology Correspondent

Contracts worth £75m have been awarded to the Aerospace division of British Aerospace by the European Space Agency's European Communication Satellite (ECS) and Maros B satellite programmes.

About £15m of the total will go to the British company, and the remainder to the other members of the European MESH consortium and to payload contractors.

Members of the consortium include Matra, France; ERNO,

West Germany; Saab-Scania, Sweden; Aeritalia, Italy; Fokker-VPW, the Netherlands; and INTRA, Spain.

The ECS (the contract covers one to be launched and one spare) will be an operational regional communication satellite, able to carry a substantial proportion of future European telephone, telex and television traffic.

It will be launched in 1981 by a European Ariane rocket. It will be based on the technology of the European Space Agency's Orbital Test Satellite (OTS), which also was built by the MESH group.

### New commercial vehicle sales up

Sales of new commercial vehicles in Britain in the first three months of this year totalled 61,953, a rise of 9.7 per cent over the same period of 1977, according to the Society of Motor Manufacturers and Traders.

Sales for March, at 20,384, were slightly lower than for March 1977. Market leader was British Leyland (27 per cent), followed by Ford (23.1 per cent), Bedford (17.3 per cent) and Chrysler (7 per cent).

### Metriation: consumers in revolt

From Mr Oliver Lodge

Sir, In his ultimatum on the metriation changeover to trade associations and consumer groups (The Times, April 19) Mr John Fraser says that the resistance to orders prohibiting the use of imperial units of measure has led the Government to review whether it can "still claim to have universal support for metriation."

What led the Government to believe that such a claim was ever justified? The population at large never has been and I suppose never will be consulted? If it were, an overwhelming majority of consumers would, I believe, express wholehearted disapproval of the changeover. The disapproval is not based on mere conservatism. In the case of repairs and part replacements, the changeover creates very real problems.

For example, where a few floorboards need replacing, boards cut in standard metric widths do not fit the spaces to be filled. The customer has either to suffer the expense and delay of having boards specially cut or to put up with an ill-fitting floor. Likewise, metric bath plugs do not fit imperial plug holes. And so on.

I hope that the bodies now being consulted will leave the Government in no doubt that the changeover is widely disliked, resented and opposed.

Yours faithfully,  
OLIVER LODGE,  
33 The Little Boletons,  
London, SW10,  
April 19.

From the Rev J. H. Biddell

Sir, I refer to your report in today's April 19, "The Government is unhappy over the hilly towards change plans" (to metriation):

(a) What did the Government expect?

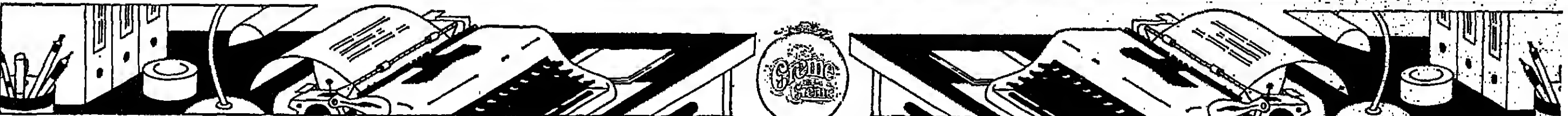
(b) How many civil servants are engaged in this senseless task?

(c) Congratulations to firms which are resisting.

(d) Is there any chance this or any government is an intelligent change of m in this matter?

(e) If the mile goes, I shall emigrate!

Yours faithfully,  
J. H. BIDDLELL,  
Milverton Vicarage,  
Taunton,  
Somerset,  
April 19.



## —Stepping Stones—Non-Secretarial—Secretarial—Temporary & Part Time Vacancies—

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BY THE FINANCIAL EDITOR

# Gauging the health of the banks

The Bank of England, as part of its supervisory powers over commercial banks in the wake of the banking crisis, laid down in September 1975, the emphasis has been on prudential balance sheet ratios that by and large determined the assets structure in the past. The Commission on bank charges, the Wilson Committee, and the Bank of England have been pushing up by inflation. The Commission on bank charges, the Wilson Committee, and the Bank of England have been pushing up by inflation. The Commission on bank charges, the Wilson Committee, and the Bank of England have been pushing up by inflation.



Mr. Weyer, a vice-chairman of Barclays

Bank of England is at present working the development of liquidity for the banking system both as part of the White Paper on banking due later and also to bring the United Kingdom line with last year's EEC banking agreement which requires member states to various safety ratios.

It is impossible to gauge a bank's health by general provisions are set out in the White Paper on banking. It is impossible to gauge a bank's health by general provisions are set out in the White Paper on banking.

rather than the letter of the Code which counts. The point is underlined by the news that the Panel is now actively looking at its rules as a result of several recent cases. For instance, following the Wilkinson Match/Allegany Lindum case, the Panel is considering how much scope it should exercise in waiving the operation of Rule 34—requiring a bid when a stake of more than 30 per cent is built up—if shareholders in a general meeting accept what is proposed.

## Oil shares

### Worries about US energy policy

News that Exxon has been trying to forge some kind of relationship with Rio Tinto Zinc has revived stockmarket rumours in this country that Shell was reviving its interest in the group as well. But with the depressing backdrop for the world oil industry it is hardly surprising that the oil majors would have begun to accelerate their diversification strategies to become more broadly based natural resources groups.

In a lengthy tour round the "labyrinthine complexity" of United States energy policy, stockbrokers W. Greenwell suggest that the outcome of this confrontation will be the major determinant of oil shares in 1978. If Carter is successful with his proposed crude oil equalization tax which is designed to raise the cost of domestic crude to the refiner in stages to the world level by 1980, without increasing revenues received by the crude producers and passing on the higher crude cost to consumers, to encourage conservation, then oil companies operating in the United States are going to face even more squeezed profits than hitherto.

Ten years ago the Bank of England, the Treasury and the International Monetary Fund invented a new statistical concept, Domestic Credit Expansion. Mr Jenkins, as Chancellor in the wake of the 1967 sterling devaluation, was faced with the problem that the balance of payments was not coming right as predicted. The terms of a letter of intent were under negotiation.

The concept of DCE is simple enough. If the economy is running a deficit, the outflow reduces the increase in the domestic money stock in any given period. In such circumstances, any given figure for the increase in M1, M3 or any other measure of the money stock is a surplus. With a DCE target, the further a country moves into external deficit, the tighter domestic monetary policy has to become. If that target is in the observed.

This year the Finance Bill debate begins on May 8. The 65 clauses and 12 schedules have been allotted three days on the floor of the House before going upstairs to a final balance-of-the-budget committee. Finance Bill debates have recently become needle-matching affairs reflecting polarized political attitudes towards taxation in this country. On my right there is a strong conviction that high income tax is a big obstacle to economic progress and could be substantially reduced; that a variety of factors, fiscal drag, increased insurance contributions, the squeeze on middle incomes, all point to far, far higher reductions than Mr Healey has so far offered.

Hugh Stephenson

# Defining the monetary constraints

show interest in DCE. But that is because the IMF as an institution, whatever it may project to the contrary, is almost exclusively concerned with a country's balance of payments performance. It may have an intellectual concern for issues like economic growth and inflation. By its constitution, however, it gets in on the act when, and only when a country is in balance of payments difficulties.

The relevance of DCE in this context is that it operates in much the same way as the classic gold standard. Under that classic model, when a country was in deficit, specie was exported to provide the finance, causing domestic M to contract until the point where the deficit was turned into a surplus. With a DCE target, the further a country moves into external deficit, the tighter domestic monetary policy has to become. If that target is in the observed.

because the inflows swell the domestic money supply. It is easier when the currency is under pressure and money is flowing out across the exchange. This fact explains the growing conclusion, as the markets have had time to digest what Mr Healey said in his Budget speech, that the Chancellor was cheating. He noted that in the last year, "greater attention has rightly been focussed on sterling M3" rather than on DCE. It is right to recognize this by making a target range for sterling M3 the focus of our monetary policy.

Recent monetarism, however, has been concerned less with the balance of payments than with the relationship between domestic M and domestic inflation, output, and the real level of interest in M is more difficult when a currency is strong.

is, however, open to a good deal more question. Such suspicions will no doubt find echoes in the IMF. It is unclear, however, why they should cause concern to those who have been urging monetary orthodoxy on the Chancellor. The prime present concern here is with the course of inflation. Even with such an open economy as ours, it is difficult to see the process by which a larger DCE can contribute to inflation, if it is combined with a domestic money supply being held within bounds.

# Has the Opposition the courage to fight retrospective tax laws?

It will be the function of the Opposition to draw attention to this issue in the forthcoming debate; to demonstrate that Mr Healey is driving in precisely the wrong direction. When he tightens the screw and condemns 'a conspiracy to mislead' he is pushing tax avoidance underground and assuring that it will continue to develop and prosper.

Opposition will have the courage to put forward amendments which appear to ally it with tax avoiders, an unpopular cause to espouse, particularly since it has been urged that avoidance threatens the whole Exchequer, an exaggeration.

Only relatively few in the top tax brackets have the natural incentive to embark on avoidance schemes. Of course publicity makes more under what they are missing but yields in these brackets are still modest. If Mr Healey would concede that the pressure of these very high rates needs alleviation he would at a stroke defeat the tax avoiders.

The Government would surely feel obliged to do so to the death. This likelihood drives a coach and horses through Budget strategy. An Opposition amendment in such terms would be countered by threats to go to the country which would be more unattractive than ever to the Liberals since the issue of the top marginal rate moving to extinguish the 83 per cent band so that the scale ends at 25 per cent. This would be attractive as the yield would only amount to some 600m per annum. Mr Healey is already described himself as in negotiation with Mr Healey and if he were to achieve this goal he would win everlasting glory.

So Mr Pardo's tactic must be to make loud noises on the broader battlefield (he is good at that)—but to choose a narrower, safer ground for the real conflict. He might select the issue of the top marginal rate moving to extinguish the 83 per cent band so that the scale ends at 25 per cent. This would be attractive as the yield would only amount to some 600m per annum. Mr Healey is already described himself as in negotiation with Mr Healey and if he were to achieve this goal he would win everlasting glory.

Mr Pardo's often expressed aim is to get the top tax rate down to 50 per cent. He has already described himself as in negotiation with Mr Healey and if he were to achieve this goal he would win everlasting glory.


Oliver Stanley

# Business Diary in Europe: Motorway café lament

any's onslaughts on the standards in British restaurants and has been supported steadily by aggressive claims that motorways on the Continent are a lot better. In the House of Commons, a French MP, Georges Carpentier, is echoing Roy's criticisms, saying that the motorway restaurants are a lot better. In the House of Commons, a French MP, Georges Carpentier, is echoing Roy's criticisms, saying that the motorway restaurants are a lot better.

one of the top ten European business enterprises. Gimenez Torres, aged 61 and a lawyer by profession, resigned after 15 months in office and all that the business community knows about his successor, according to press reports, is that he is "an employer aged 46, educated in Deusto (a town near Bilbao) little known by the public and who has very few contacts with the world of business for public notice."

Timber sales have become badly depressed since 1974 and the partners, once able to sell every bit of wood they could ship, are now in fierce competition. The remaining companies, Oulu, Kajaani and Tampella appear willing to continue the partnership. Tooley is the second British managing director of Finnish-owned timber companies to bite the dust in five months. Business Diary reported in December, last year, the departure of Bill Bullock from the United Kingdom end of Schuman, the big timber, paper and pulp group.



## SENIOR ENGINEERING GROUP LIMITED

### Results for 1977

- \* Turnover up by 23.0% to £51.6m
- \* Profit before tax up by 12.6% to £5.3m
- \* Earnings per share up by 12.3%
- \* Dividend cover 2.9 times

	1977 £000's	1976 £000's	1975 £000's
Turnover	51,629	41,971	34,960
Profit before tax	5,300	4,707	3,817
Finance employed	26,329	24,158	19,574
Dividends per share	1.1671p	1.053p	0.950p

The diversity of the Group's engineering interests spread over several divisions with varied products sold into many different markets has enabled the Group to enjoy many years of uninterrupted growth whereas specialised companies have found it more difficult to weather the recent years of recession. Certain divisions are quietly optimistic for 1978 but in the present fluctuating economic climate it is difficult to forecast the likely profits for those divisions whose products are sold on a short delivery period. Nevertheless the Group is well equipped to take advantage of any improvement in trading conditions and will strive to extract the maximum benefit out of the present depressed situation.

Senior Engineering Group Limited  
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## FINANCIAL NEWS

## Wood MacKenzie foresees scope for dividend growth

No one in the City liked the Budget or so it seemed from all known and recorded comment, but nobody wants to put people off buying shares; well, most people.

The FT Index actually rose last week to 455, making a weekly gain of 7.6. Mr Bill Bain of Wood, Mackenzie says: "In re-assessing the outlook for financial markets in the United Kingdom we suggest that a price under an FT level of 450 equities justify purchases with a downside risk of 10 per cent or under."

The underlying prop for Wood seems to be likely dividend growth. The broker sees this as continuing to be around 15 per cent a year "provided the present constraints are not tightened."

Equally to the point, Wood adds: "Even in a period of more severe, albeit not statu-

this year, after a 2 per cent drop last year.

They look in particular at Associated British Foods, which appears to them to be the most attractive share in the milling and baking sector thanks to a low price earnings ratio and the possibility of a big dividend increase if and when controls come off.

Apart from baking, A.B. Foods has been held back by two other factors.

One is the City worry about the impact of the supermarket price war on its Fine Fare chain, and the other is the stake in South Africa. But South African earnings are now only a fifth of the total.

The broker does not like the gearing in Rank Hovis McDougall and it toys with the idea that now baking has gone, the group might attract a bidder. It has good brand names, particularly in pet foods, and a cheap market value.

Elsewhere in the sector, Brooke Bond is thought to have "some attraction". Profits in the year 1977-78 are going down along with tea prices and United Kingdom volume but some recovery should be seen this year. The price earnings ratio is down and the yield, high.

The failure by the United States Insurance broker, Frank B. Hall to break into Lloyd's through the acquisition of Leslie & Godwin captured a good deal of comment last week and Leslie's prospects have been monitored closely by Mr Terry Kay at James Capel.

Before the bid, Capel was going for annual profits of £5.25m against the actual out-turn of £4.125m and it was clear that something had gone dramatically wrong.

Mr Kay's view of Leslie was confirmed when the bid was called off, that is to say the

fundamental operating position is "appalling" but another bid from any number of alternative quarters is still not entirely ruled out.

This view remains that "on fundamental considerations, given the projected p/e and the continuing prospects for substantially below average profits growth for years to come, the shares are seriously overvalued. On the other hand, there is always likely to be an element of bid speculation attaching to Leslie even after the thump's down from Lloyd's, since this is the only short cut out of its present dilemmas."

But a bid, if it comes, may be pitched at no higher than current levels and the "shares should thus be held only by the brave and/or the faithful."

The general points that Mr Kay draws from this is that control of expenses is the pivotal consideration in broking profitability in 1978-79. Further, quoting Groucho Marx, Frank B. Hall may console itself with the view that "it is in certain cases better anyway not to join a club willing to have one as a member."

Finally the experts at Capel have been examining the effects of Wall Street's record volume surge last week whose impact they say "will extend far beyond journalist's copy and new entries for market speculation."

The firm believes that a dramatic change in sentiment is under way on Wall Street and prices spurned only a few days ago now look very attractive. This should ensure that there is now a floor between 800 and 780 on the Dow Industrial Average and the path of least resistance is now upwards.

Cash will now be seen as a liability only a couple of weeks ago two leading brokers were advising their clients to increase liquidity

## Insurance giant still defending pay deal

Sun Alliance and London Insurance is continuing to discuss with Whitehall its controversial pay settlement which led to threats of Government sanctions, Lord Aldington, the company's chairman, states in the annual report.

While strenuously defending the pay settlement and at the same time welcoming the Government's attempts at bringing inflation under control, Lord Aldington says of the company's attempts to justify the pay increases: "I believe that despite all our efforts at explanation, the facts may not have been fully understood by all concerned."

The company did not seek a confrontation with the Government and comments Lord Aldington, "I intend to continue to do my best to persuade them not only that we are sincere but also that our pay settlement was within the guidelines, but also that we were right in so thinking and that the settlement has not added to premium rates and is therefore not increasing inflationary pressure."

When the storm over the company's pay deal broke the Department of Trade threatened to force the company to cut its premium rates.

In future Sun Alliance is to have Deloitte as its sole auditor, dropping Touche Ross as joint auditor.

Meanwhile, rival composite insurance group, General Accident, is hoping to have an underwriting profit in the United States this year for the first time since 1973, subject to no substantial windstorm losses, Mr Henry Stuart Black, the chairman, comments in his annual statement. Last year the underwriting loss was \$8.5m.

## European Ferries should benefit from upturn in shipping

With few economic indicators to give the equity market any leads this week, attention will be focused on the companies reporting.

However the provisional unemployment figures for April, due out tomorrow, will show whether the recent downward trend in the jobless has been continued.

Final figures from London & Scottish Marine Oil are also expected tomorrow but with the Nilean field not scheduled to come on stream until September the group will show continuing losses. Brokers Fluke & Co

## This week

expect the 1977 loss to be around the £1m level but will be looking for a fourth quarter contribution in the current year.

An upturn in shipping, particularly on the cross-channel runs, should have helped European Ferries say brokers McAulay, Montgomery, who is looking for £20.25m against a previous £11m when the group reports final figures on Wednesday. European Ferries should also have benefited from its expanded harbour operations divisions which takes in Felixstowe Dock.

The following day Hoover will be unveiling first quarter results which should give the market some indication as to how much of the upturn in consumer spending has gone into household goods.

However, profits will have been knocked by the delivery drivers strike and Grievson, Grant forecasts that the group will be lucky to make time on last year's £3.6m. But Grievson expects to see a recovery by the year-end and anticipates

1978 profits of around £15m compared to a previous £12.2m.

Also reporting on Thursday is house-builder George Wimpey. Because 1977 profits refer back to earlier years the group is still benefiting from contracts taken out with reasonably good margins and fielding.

MONDAY—Interims: Atlantic, Baltimore and Chicago Invest Tst and Moran Tea Hlgs. Final: Wm Baird and Co, 1st Int'l Hlgs, Electrical and Industrial Secs, Evered and Co, 1st Int'l Hlgs, London Atlantic Invest Tst, Melville, Dundas and Whitson, Modern Engineers of Bristol (Hlgs), Ferndale Industries, Simon Eng, Tarcus McCaul and Utd Capitals Invest Tst.

Board meetings this week include:

TUESDAY—Interims: Beralit Tst and Wolfman, Border and Southern Stockholders Tst and Linseed. Final: Bodycote Int'l, A. Caird and Sons, Canadian and Foreign Inv Tst, Channel Islands and Int'l Invest Tst, Cullens Stores, Ellis and Goldstein, English National Inv Co, Estates Duties Inv Tst, Farwell Electronics, FC Finance, Futura Hlgs, Lindsay and Williams, London and Scottish Marine Oil, Marshall Cavendish, J. and L. Randall, Sheffield Twist Drill and Steel Co, Siemens Hunter, Silentnight Hlgs, and Travis and Arnold.

WEDNESDAY—Interims: Episcopus Hlgs, John Haggas (3 months figs), and Spencer Gears (Hlgs). Final: Alpinat Inds, Anchor Chemical Co, Border Hlgs (Wrexham), European Ferries, Felixstowe Dock and Railway Co, Fosco Minsep, Gerrard and National Discount Co, Gill and Duffus Grp, Hopkinson Hlgs, Hutchinson, Jessel, Toyne, LK Industrial Lvs, Manders Hlgs, Smith St Anby, Spear and Jackson Ind, Telephone Rentals, Thom-



Mr Keith Wickenden, chairman of European Ferries.

son T-Line Caravans, and Wight Const Hlgs.

THURSDAY—Interims: Anglo Scottish Inv Tst, Hawkins and Tipson, Hoover (1st quarter), Lockwoods Foods, McKechzie Bros and S. Simpson. Final: Amalgamated Power Eng, Belgrave (Blackheath), De Vere Hotels, Flight Refuelling, Norman Hay, P. and W. Maclellan, Martin-Black, Minet Hlgs, Northern Eng Inds, Petrocon Grp, Shiloh Spimmers, Spang and Co, Tarmac, Tootal, Vickers and George Wimpey and Co.

FRIDAY—Interims: Construction Hlgs, Fitzroy Inv Co, James Hales and S. Lyles. Final: Allebone and Sons, Burrell and Co, Hammons Property and Investment, Prince of Wales Hotels, Scottish Ontario Inv, Silhouette (London), Whatman Reeve Angel and W. Williams and Sons (Hlgs).

Alison Mitchell

## Associated Biscuits overseas expansion

Hopes at Associated Biscuit Manufacturers for the current year are for some increase in consumer spending as well as for more stable raw material prices.

Mr Gordon Palmer, in his first report as chairman says that the group's prosperity in 1978 will obviously be affected by the overall economy of the United Kingdom and North America. Leaving economic factors aside, he says that the results will undoubtedly depend to a large extent on the group's management, its ability to improve productivity and meet changing conditions, and also on its success in expanding overseas.

On this last point the group's policy has been that a wider geographical spread of activities would provide an escape from the problems of high inflation at home and the rather static market in which it operates.

In support of this policy the group has been negotiating the purchase of a Chicago biscuit group, Salerno-McGowan Biscuit, which has a strong market position in the area. The group has also recently acquired two smaller confectionery businesses in Europe.

At the end of its year the board announced the purchase of an 80 per cent stake in Emballements de Loisy et Gilet near Lyon, and in March it bought complementary businesses in Germany.

This policy of expanding in North America and Europe should stand the group in good stead, but Mr Palmer says it must be accompanied by continuing efforts to achieve better return on the group's biscuit investment. With many of the factory modernisation problems left behind it, the group hopes to achieve this.

## Freight report

## Better, but room for improvement

Trading conditions in both the dry-cargo and tanker trades showed some definite improvement last week, although in relative terms rates still left a lot to be desired.

The long-depressed Arabian Gulf-Europe tanker rates solidified, fractions slightly above previous levels by some half a dozen VLCCs who were booked at worldwide 18.25 (about \$3.28 per ton) compared with the lower level of worldwide 18.15 (\$3.25) set earlier in the week.

In addition, brokers Galbraith Wrightson reported there were noticeable shortages of tankers in the 120-150,000-ton range available for loading in the Arabian Gulf before the end of the month. In fact, one owner was demanding worldwide 40 (\$7.18), or better, for this business, while in recent weeks he would have been lucky to have beaten the worldwide 30 (\$5.39) level.

Although owners might be feeling somewhat more optimistic, brokers warned, such hopes in the past have been wrecked by the sudden appearance of excess oil-company tonnage.

Meanwhile, the dry-cargo trade rates overall continued to look better as technical factors, such as abnormal grain demand and the lack of grain-loading capacity in the United States Gulf maintained their effect on the market. Although charters were not being openly reported on the market, shipbrokers said that rates were being driven upwards, particularly by the demands for grain through the house of Dreyfuss.

Additionally, further Chinese grain demand was noted in the market, particularly for leaders in the River Plate through the Continental Grain.

Soviets, meanwhile, remained an enigma. Despite repeated reports that they would be seeking more grain ships on a time-charter basis, brokers said they had actually redelivered at least three ships from existing charters.

Craig Howard

## Earnings at Amax hit by coal strike

Net earnings at Amax, the US mining group halved in the first quarter to \$16.2m (about £8.8m). Selection Trust, the UK mining finance house, has a stake of just over eight per cent in the company.

Amax said the main cause was the coal miners' strike and claimed that salaries and other overhead costs at its Mid-Western coal operations cost \$14m net.

Additionally preferred dividends were sharply higher because of the increased issue. Earnings per ordinary share slumped from 91 cents to 32 cents. Elsewhere, zinc, copper and potash earnings were lower.

Against that, there were increased earnings from molybdenum, which went some way to offset the adverse factors.

## Briefly

GEO M. CALLENDER  
Turnover for 1977, £5.53m (£4.58m). Pre-tax profit, £553,000 (£479,000). Earnings a share, 4.0p (3.4p). Total dividend, 1.85p gross (1.81p).

HAWKER MARRIS  
Turnover for 1977, £3.84m (£3.17m). Pre-tax profit, £266,000 (£211,000). EPS, 38.1p (23.5p). Total dividend, 8.7p gross (8.05p).

SIMON ENGINEERING  
Simon Engineering's offer for Gordon Johnson-Stephens Holdings accepted for 90.09 per cent.

CLIFFORD'S DAIRIES  
Plan to repay outstanding 7½ per cent debenture stock, £1986-91, at 190 per cent.

JOSEPH HOLT  
Turnover for 1977, £3.4m (£2.8m). Pre-tax profit, £755,000 (£600,000). Gross dividend 3.28p (2.53p).

WADKIN  
Sales for 1977, £19.5m (£15.8m). Pre-tax profit, £1.75m (£1.73m). Dividend, 8.87p gross (8.03p).

JAMES CREAM  
Trading since December has continued to be satisfactory and board expects pre-tax profits in current year will be improved on last year.

FRIENDS PROVIDENT  
Income from sales of ordinary life insurance rose by 39 per cent while that from individual pension policies to self-employed persons, directors and executives increased 154 per cent.

## Canadian clearance for BATs drug store bid

The Canadian Government has given approval for a \$65m (about £31m) takeover of Koffler Stores by Imasco, in which BAT Industries holds 49 per cent of the ordinary capital.

Koffler franchises shoppers drug mart stores, owns Embassy cleaners outlets and has a 50 per cent interest in Pharmaprix drug stores in Quebec.

In permitting Imasco's takeover of Koffler the Foreign Investment Review Agency said it considered Koffler's efforts to find a Canadian buyer before opening negotiations with Imasco.

Secondly the high level of Canadian management in Imasco and the intention to increase Canadian ownership of Imasco from the present 41 per cent to 60 per cent within five years, had been taken into account.

The Government also took into account the success enjoyed by Imasco which operates "Top Drug" stores in

Ontario, in pharmaceutical retailing in Canada; its intention to provide substantial funds to open additional drug stores and clear cleaning outlets creating in excess of 2,000 new jobs; its intention to provide strong financial support for pharmaceutical research and development in Canada; and that the very successful Koffler management team will continue to manage the Shoppers Drug Mart chain and will also take over responsibility for management of Top Drug Stores. The Review Association said.

Imasco president Paul Pure said in Toronto that the company now would proceed to complete its offer. He said Imasco plans to integrate its existing Top Drug Mart operations into Koffler's Shoppers Drug Mart chain.

Imasco is offering \$35 cash and a series of "A" redeemable convertible 5 per cent preferred shares of \$35 par value for any class of "A" or "B" Koffler shares.

## 1977 Results from

## HAWKER SIDDELEY

Exports £295 million

The 1977 Annual Report, which will be posted to shareholders on 26th May, 1978 will include the following comments in the Directors' Report:-

## Accounting presentation

The results of the former aerospace subsidiaries Hawker Siddeley Aviation Ltd., and Hawker Siddeley Dynamics Ltd., are consolidated for the four months to the date of nationalisation, 29th April, 1977 (1976: consolidated for full year) and are shown separately in the consolidated profit and loss account.

## Results

The total Group profit for 1977, after taxation and minority interests, amounts to £50.6m (1976: £48.4m) which, on the basis described above, comprises:-

	1976	1977
Group excluding former UK aerospace subsidiaries	£m	£m
Former UK aerospace subsidiaries - 4 months (1976: full year)	34.7	13.7
		£48.4m

## Trading profits

Trading profits are analysed as follows:-		
Group excluding former UK aerospace subsidiaries	1976	1977
Electrical engineering	36.2	27.9
Mechanical engineering	54.8	47.5
	£91.0m	£75.4m

Former UK aerospace subsidiaries, 4 months to 28th April, 1977 (1976: full year)	£10.3m	£24.3m
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## Extraordinary item

The extraordinary item, shown separately in the profit and loss account and not forming part of the trading results for the year, is an adverse difference arising on the translation into sterling of overseas net assets for the purpose of the consolidated accounts, due to the strengthening of sterling in 1977. In 1976, when the value of sterling declined, a favourable difference of £8.9m arose under this heading.

## Financing

At 31st December, 1977 the net cash in hand of the Group amounted to £98.9m (1976: £14.6m in hand).

## Financial highlights

	1977	1976
£m	£m	£m
Sales		
Group excluding former UK aerospace subsidiaries	829	732
Former UK aerospace subsidiaries - 4 months (1976: full year)	83	242
	912	974

Direct Exports from the UK (included in sales)	1977	1976
£m	£m	£m
Group excluding former UK aerospace subsidiaries	265	189
Former UK aerospace subsidiaries - 4 months (1976: full year)	29	110
	295	299

Trading Profit	1977	1976
£m	£m	£m
Group excluding former UK aerospace subsidiaries	81.0	75.4
Former UK aerospace subsidiaries - 4 months (1976: full year)	10.3	24.3
	101.3	99.7

Profit after Taxation and minority interests	1977	1976
£m	£m	£m
Group excluding former UK aerospace subsidiaries	46.1	34.7
Former UK aerospace subsidiaries - 4 months (1976: full year)	4.5	13.7
	50.6	48.4

Earnings per Ordinary Share	1977	1976
p	p	p
	26.1p	28.3p

Dividends per Ordinary Share	1977	1976
p	p	p
First interim	1.8843p	1.6878p
Second interim	-	0.0303p
Recommended final	2.2010p	1.9706p

Including the imputed tax credit, the equivalent total gross dividend paid or recommended for 1977 is 6.1907p (1976: 5.6279p) and represents an increase of 10% compared with 1976. This is the maximum permitted under the Counter-inflation legislation.

Nationalisation of aerospace companies  
Hawker Siddeley Aviation Ltd., and Hawker Siddeley Dynamics Ltd., were nationalised under the Aircraft and Shipbuilding Industries Act 1977 and vesting took place on 29th April, 1977. From that date these companies therefore ceased to be subsidiaries of the Group.

Loans amounting to £48.7m have been repaid to the Group since vesting and following discussions with British Aerospace, the company agreed to forego repayment of loans amounting to £4,325,000 as this amount would be more appropriately dealt with in the compensation negotiations for the shares.

Negotiations have not yet commenced with the Government on the amount of compensation to be received for the value of the shares. It is expected that compensation will exceed the book amount.

A payment on account of £3.1m has been received in 1978. Interest will be paid on the compensation from the date of vesting.

## Acquisition of L. Gardner &amp; Sons Ltd.

In July 1977 a cash offer, with the alternative of shares in Hawker Siddeley Group Ltd., was made for the issued capital of L. Gardner & Sons Ltd. The offer became unconditional on 16th August, 1977, acceptances having been received from stockholders representing over 90% of the issued capital, and the company accordingly became a subsidiary on that date.

## Inflation Accounting and Deferred Taxation

Pending development of an acceptable working system of price level accounting for promulgation as an accounting standard, the Accounting Standards Committee issued in November, 1977 an interim recommendation which specified certain adjustments which should be made to profit and loss accounts prepared on the historical cost basis in order to show the effect of inflation on such accounts.

Excluding the former aerospace companies, the profit before tax of the Group for 1977 was £95m and the application of these adjustments would reduce the figure to about £60m.

An Exposure Draft (ED 19) was issued by the UK accounting bodies in May, 1977 proposing an alteration to the currently accepted approach to deferred taxation, which would have the effect of restricting the tax charge in the accounts to only that likely to be payable in the foreseeable future.

Again excluding the former aerospace companies, the tax charge for the Group for the year was £45.9m and the effect of applying the revised method set out in ED 19 would reduce this charge to £28.4m.

## Excluding former aerospace subsidiaries:

In summary, the accounts for 1977, drawn up on an historical cost basis show a profit after taxation attributable to Hawker Siddeley, before including former UK aerospace subsidiaries, of

£46.1m

The application of the revised deferred tax approach (ED 19), adjusting for minority interests, would increase this figure to

£64.9m

and adjusting also for the effect of inflation after minority interests would then reduce the figure to

£32.4m



HAWKER SIDDELEY GROUP LIMITED

18 St. James's Square, London, SW1Y 4LJ. 01-930 6177

For a copy of the Annual Report please apply after 26th May to the Secretary.  
Annual General Meeting-The Dorchester Hotel, Park Lane, London, W1A 2HJ, Wednesday 21st June, 1978 at 12 noon.

4849101520



# FINANCIAL NEWS AND MARKET REPORTS

## Market reaction oddly calm about S announcement to sell gold

...the sage tells us... itself the first time as... and the second time as... Sun... announcing... United States... with a similar move... International Monetary... two years ago are won... into which category the... fall. Initial reaction... oddly calm, perhaps... of a deliberate effort... the... the early IMF auctions... at what was then... to be a tragedy... the markets could... with monthly off... sales. Is the United... now, however, and... what kind?

...seems to be generally... in the gold and gold... markets that the United... cannot realistically... completely to do much... in the setting of... it utterly as a need... exchange and store of... But selling a portion of... United States stocks... way to reducing the... of gold in the... financial system, and... restore some confi... in the dollar.

...one of these aims—the... of stabilizing... and the longer-term... pushing gold into the... background—is seen... as presenting a... to gold prices, whether... in dollars or other... such as Swiss

### Mining

...francs, or to mining shares... is more than temporary... The argument here is that... for whatever use, is in... fundamentally short supply... even if it ceased to be the... precious metal, it would still... be precious.

...A less sanguine view is... taken, however, of market... movements during the next... few months. An abrupt fall... in the prices of mining shares... particularly South African... last Thursday was followed by... a partial recovery the day... after. Gold's fluctuations were... similar. Busy trading in Com... Gold Fields options in... the new traded options market... suggests a high uncertainty... about the short-term prospects... of the 45 per cent gold content... in the shares. A general volatili... is expected to dominate... the sector for some time.

...At first sight the volume of... gold the United States plans to... sell does not appear enough to... upset the market. But the gold... market is small, and disposing... of two million ounces, even if... it is just 3 per cent of the net... addition to the western world's... stock in 1977, could be suffi... cient to do the damage. In... addition, the IMF is to review... next month its own sales... which so far have amounted to... half the intended 25 million

## Ash & Lacy turns about after first big drop since 1963

...The first big setback since... moving in Smithwick in 1963... was suffered last year by Ash... & Lacy, the maker of per... laminated and expanded metal... steel cladding sheets, tank and... plastic products, and a stock... holder of steel and non ferrous... sheet, and hardware distributor... Hapnith, this year should see... Ash growing again. Mr Fane... Vernon, chairman, reports, in... his statement with the accounts... for the year to March 31, last... "The trading results for the... first quarter of 1978 show a... substantial improvement over... the previous year and there is... also a considerable reduction in... interest costs."

...The contrast with 1977 is... sharp. Then pre-tax profits fell... from £1.9m to £1.4m, pulled... down by recession in steel... stockholding and processing, and... to a lesser extent in hard... ware distribution.

...Surplus capacity, heavy... stocks and poor demand mar... raved margins, and interest... charges, dropped only slightly... Hence the sharp fall in profits.

...Moreover, the higher and... profitable mines will not be... without their difficulties either... The new policy of the South... African Government to pay the... mines the free market price... for their gold as soon as they... deliver it to the Central Bank... could add an extra two weeks'... revenue in the current quarter... which on the present gold... price equals about £20 on the... quarterly average price.

Michael Prest

...resumption of dividends, which... have been suspended since 1963... with a payment of 15.15p gross... Last year's figures were... achieved in spite of a rise in... the value of sterling compared... with the dollar, which hit pro... fits by over 10m. However, the... board is confident that trading... for 1978 will continue to be... "satisfactory."

### Recovery starts at Stag Furniture

...After last year's fall in profit... the outlook seems to be brighter... for Nottingham-based Stag Fur... niture. This year started well... and the first-quarter's prelimi... nary results indicate that the... group is meeting its targets in... terms of both turnover and pro... fits. Trading conditions have... improved from the depressed... levels of last year and, although... trade is not yet buoyant, the... board expects a further rise in... demand as the year develops... The Stag group is well equip... ped and ready to take advantage... of the expected upturn, the chair... man, Mr P. V. Radford, reports... in his annual statement. The... notes to the accounts refer to a... £20,000 ex gratia payment to a... former director.

### Senior Engineering's chairman hopeful

...Warford-based Senior En... gineering, which has made... good progress over the past... few years, appears to be set to... battle on whatever the circum...

...stances. Professor R. Smith, the... chairman, declares in his latest... report that the group is well... equipped to take advantage of... any improvement in trading... conditions and that it will... strive to extract "the maxi... mum benefit out of the present... depressed situation". The... group balance sheet shows that... net current assets at end-1977... reached £13.01m, compared... with £11.02m a year earlier... During the year, there was a... net increase of £251,000 in... liquid funds, against a decrease... of £711,000 in 1976.

### Further rise looked for by Istock

...Full time result for 1978... should show a useful advance... over 1977, says Mr Paul Hyda... Thomson, chairman of Istock... Johnson, in the annual report... In the United Kingdom some... upturn in activity was... materializing but the Govern... ment clearly intended this... should be only modest.

...While Istock has no plans... for any large increase in pro... duction this year, it expects... again to raise despatches and... to decrease its relatively high... levels of stocks. In the United... Kingdom last year, national... facing-brick deliveries fell by... 11 per cent and total brick... deliveries by 12.3 per cent; in... Leonatras, Istock's United... Kingdom deliveries rose 11 per... cent.

## Richards & Wallington Industries Limited

W. R. Richards, A.L.O.B., reports —

	1977	1976
Group Turnover	£200	£200
Group Trading Profit	2,441	30,787
Basic earnings per share	16.79p	1.81p
Ordinary dividends paid and proposed	4.5124p	4.04p

- Crane Hire, the backbone of our business, has been trading in markets that have been very depressed but an overall improvement in performance in this area is evident and the condition of our fleet and strength of our management team and work force have never been better.
- The Group's London and Home Counties crane hire organisation and tower crane distribution franchise have recovered considerable losses in 1976, to modest profits last year, despite the markets they were remaining at a low level of activity.
- The new joint venture manufacturing companies, Comac Crane Company Limited and Rother Ede (Great Britain) Limited had their first full year of activity and achieved a good level of profitability.
- Overseas activities were disappointing, especially in Indonesia, where a temporary downturn in business was suffered. However, a much improved performance should be achieved in the current year.
- In conjunction with Gine Darby we have established, in the current year, a joint venture crane hire company, Crane Rental & Rigging (S) Limited, which will shortly commence operations in Hong Kong to take advantage of the economic potential which that market offers. Further developments in South East Asia are currently being studied.
- Following the example of many other major quoted companies, tax has only been provided where on actual liability can be foreseen within a reasonable period. As a result, some £1.5 million has been transferred to shareholders' funds.
- We are dedicated to growth and further expansion will be undertaken as circumstances permit. The current year has begun satisfactorily and bearing unfavourable circumstances a further increase in profit can be expected.



THE NATION'S LEADING CRANE HIRE COMBINE

### Daily list of fixed interest stocks

Stock	Price	Stock	Price
3% Govt	100.00	5% Govt	100.00
4% Govt	100.00	6% Govt	100.00
5% Govt	100.00	7% Govt	100.00
8% Govt	100.00	9% Govt	100.00
10% Govt	100.00	11% Govt	100.00
12% Govt	100.00	13% Govt	100.00
14% Govt	100.00	15% Govt	100.00
16% Govt	100.00	17% Govt	100.00
18% Govt	100.00	19% Govt	100.00
20% Govt	100.00	21% Govt	100.00
22% Govt	100.00	23% Govt	100.00
24% Govt	100.00	25% Govt	100.00
26% Govt	100.00	27% Govt	100.00
28% Govt	100.00	29% Govt	100.00
30% Govt	100.00	31% Govt	100.00
32% Govt	100.00	33% Govt	100.00
34% Govt	100.00	35% Govt	100.00
36% Govt	100.00	37% Govt	100.00
38% Govt	100.00	39% Govt	100.00
40% Govt	100.00	41% Govt	100.00
42% Govt	100.00	43% Govt	100.00
44% Govt	100.00	45% Govt	100.00
46% Govt	100.00	47% Govt	100.00
48% Govt	100.00	49% Govt	100.00
50% Govt	100.00	51% Govt	100.00
52% Govt	100.00	53% Govt	100.00
54% Govt	100.00	55% Govt	100.00
56% Govt	100.00	57% Govt	100.00
58% Govt	100.00	59% Govt	100.00
60% Govt	100.00	61% Govt	100.00
62% Govt	100.00	63% Govt	100.00
64% Govt	100.00	65% Govt	100.00
66% Govt	100.00	67% Govt	100.00
68% Govt	100.00	69% Govt	100.00
70% Govt	100.00	71% Govt	100.00
72% Govt	100.00	73% Govt	100.00
74% Govt	100.00	75% Govt	100.00
76% Govt	100.00	77% Govt	100.00
78% Govt	100.00	79% Govt	100.00
80% Govt	100.00	81% Govt	100.00
82% Govt	100.00	83% Govt	100.00
84% Govt	100.00	85% Govt	100.00
86% Govt	100.00	87% Govt	100.00
88% Govt	100.00	89% Govt	100.00
90% Govt	100.00	91% Govt	100.00
92% Govt	100.00	93% Govt	100.00
94% Govt	100.00	95% Govt	100.00
96% Govt	100.00	97% Govt	100.00
98% Govt	100.00	99% Govt	100.00
100% Govt	100.00		

### Street

...Street and Canadian... change to British Summer Time... This will continue until Eastern... Daylight Time begins in the... United States.

Stock	Price	Stock	Price
3% Govt	100.00	5% Govt	100.00
4% Govt	100.00	6% Govt	100.00
5% Govt	100.00	7% Govt	100.00
8% Govt	100.00	9% Govt	100.00
10% Govt	100.00	11% Govt	100.00
12% Govt	100.00	13% Govt	100.00
14% Govt	100.00	15% Govt	100.00
16% Govt	100.00	17% Govt	100.00
18% Govt	100.00	19% Govt	100.00
20% Govt	100.00	21% Govt	100.00
22% Govt	100.00	23% Govt	100.00
24% Govt	100.00	25% Govt	100.00
26% Govt	100.00	27% Govt	100.00
28% Govt	100.00	29% Govt	100.00
30% Govt	100.00	31% Govt	100.00
32% Govt	100.00	33% Govt	100.00
34% Govt	100.00	35% Govt	100.00
36% Govt	100.00	37% Govt	100.00
38% Govt	100.00	39% Govt	100.00
40% Govt	100.00	41% Govt	100.00
42% Govt	100.00	43% Govt	100.00
44% Govt	100.00	45% Govt	100.00
46% Govt	100.00	47% Govt	100.00
48% Govt	100.00	49% Govt	100.00
50% Govt	100.00	51% Govt	100.00
52% Govt	100.00	53% Govt	100.00
54% Govt	100.00	55% Govt	100.00
56% Govt	100.00	57% Govt	100.00
58% Govt	100.00	59% Govt	100.00
60% Govt	100.00	61% Govt	100.00
62% Govt	100.00	63% Govt	100.00
64% Govt	100.00	65% Govt	100.00
66% Govt	100.00	67% Govt	100.00
68% Govt	100.00	69% Govt	100.00
70% Govt	100.00	71% Govt	100.00
72% Govt	100.00	73% Govt	100.00
74% Govt	100.00	75% Govt	100.00
76% Govt	100.00	77% Govt	100.00
78% Govt	100.00	79% Govt	100.00
80% Govt	100.00	81% Govt	100.00
82% Govt	100.00	83% Govt	100.00
84% Govt	100.00	85% Govt	100.00
86% Govt	100.00	87% Govt	100.00
88% Govt	100.00	89% Govt	100.00
90% Govt	100.00	91% Govt	100.00
92% Govt	100.00	93% Govt	100.00
94% Govt	100.00	95% Govt	100.00
96% Govt	100.00	97% Govt	100.00
98% Govt	100.00	99% Govt	100.00
100% Govt	100.00		



# SUN ALLIANCE INSURANCE GROUP

## Highlights from the Statement by the Chairman—Lord Aldington

After the exceptional underwriting loss in 1976 we have returned to an underwriting profit in 1977. But to do only a little better than break even on underwriting on our General business is quite inadequate in a period of still high inflation.

Despite the increasing recognition by many within the industry and by some Governments of the need for a marked improvement in profitability, rates of premium are in many cases lower than those which the risks and the increasing costs of repair require. There is still surplus insurance capacity and excessive competition in many of our markets.

At home we made a modest profit. Fire results were again very good; a small profit emerged on the Motor account and losses in the Accident account were reduced. There was still a considerable loss in the Personal account.

The Overseas account as a whole was in deficit with heavy losses in Germany and Holland. There was a welcome improvement in the United States which brought us nearer to a profit there in general underwriting and good or useful profits were earned in many other important territories.

The improved underwriting results were accompanied by further increases both in investment

income and in the contribution from Life business.

Inflation is not caused by insurance companies which are more harmed by it than anyone else. We have welcomed, and we support, the U.K. Government's recent determination to bring it under control. There was no relief in 1977 from the flood of legislation and Government intervention that has been introduced in recent years. Of particular importance has been the agreement between the insurance industry and the Government on Statements of Insurance Practice because of the impracticability of applying the Unfair Contract Terms Act to insurance policies. These statements are a further indication of present trends towards increased consumer protection which, well meant as they are, involve increased costs which in the long term consumers themselves have to bear.

Our profit before taxation amounted to £57.3m compared with £37.8m in 1976 and the Directors have resolved to declare a final dividend of 10.15p per share making a total of 20.15p for the year. I record with sadness the death in August 1977 of Mr Richard Fleming who had been a Director of The London Assurance since 1937, and was Chairman of the Group from 1968 to 1971. In July we were pleased to welcome to the Board Mr Derrick Holden-Brown.

**Home Fire**  
A good surplus has been earned but opportunities for expansion have been limited. We are well equipped to take advantage of sensible competition but believe that sound underwriting is essential if stability is to be maintained in the market. We shall continue to practise what we preach even if it means slower growth.

**Home Accident**  
Progress has continued but the account is still in deficit. However the loss has been reduced.

**Home Motor**  
We have been successful in achieving some growth in premium income despite intense competition. A small surplus has been earned.

**Home Personal**  
The number of subsidence claims fell considerably and their cost was approximately halved compared with 1976. As a result the loss, though still significant, has been reduced. We are continuing to persuade policyholders of the importance of maintaining adequate protection and are encouraging the use of index-linked sums insured.

**Engineering**  
The return to profitability achieved in 1976 has been maintained and an increased surplus earned.

**Life and Pensions**  
A marked increase in the level of new business in the U.K. during the second half of the year enabled us to show a modest increase in new annual premiums. The task of making arrangements for those pension schemes contracting-out of the new State Scheme was brought to a successful conclusion within the very short period allowed. An actuarial valuation of the main Life Fund disclosed a distributable surplus of £14.7m. The total contribution to Profit and Loss was £2.7m compared with £2.1m in 1976. Sun Alliance Linked Life Insurance Ltd. was launched in 1977 to transact life assurance linked to units in a variety of internal funds and made an encouraging start.

**Reinsurance**  
The profit arising from proportional business for 1976 showed only a small reduction from that achieved in 1975 but with a further deterioration in the non-proportional account there was a deficit overall.

**Marine**  
The deterioration in the Marine results which began in 1973 persists. Over-capacity in the world insurance markets is still evident and

Summary of Results		1977	1976
Premium Income—Fire, Accident and Marine		465.5	426.1
Underwriting Transfers: Fire and Accident, Marine, Aviation and Transport		1.1	-11.0
Long-term Insurance Profits		2.7	2.1
Investment Income*		53.2	46.6
Other Income		0.2	-0.1
Profit Before Taxation		57.2	37.8
Less: U.K. and Overseas Taxation		25.3	15.9
Profit After Taxation		31.9	21.9
Less: Minority Interests		0.2	0.1
Profit Attributable to Shareholders		31.7	21.8
Cost of Dividends		10.9	8.9
Profit Retained		21.7	12.9
Earnings per Share		64.3p	41.4p

\* After deducting loan stock interest.  
\* Including deferred final dividend 1976.

The Annual General Meeting of Sun Alliance and London Insurance Limited will be held on 24th May 1978 at the Head Office, Bartholomew Lane, London EC2N 2AB.

### Conclusion

Although there are some encouraging signs of improvement in Britain's economic outlook there is clearly some way to go before conditions are sufficiently stable for any lasting recovery in business confidence. We intend to maintain our policy of seeking adequate underwriting profits so that we can operate from a position of strength and be ready to take advantage of any worthwhile opportunities that arise. Taking our assets at market value, the Group's solvency margin increased from 62% to 78%. We will not be diverted from the duty of insurers to conduct their underwriting at a profit over the years.

During the year a considerable amount of evidence was submitted to Sir Harold Wilson's Committee to Review the Functioning of Financial Institutions. We are pleased to see confirmation of our view that adequate funds are available for industry and that shortage of finance is not a significant factor in Britain's present economic difficulties. It is obviously in our interests to contribute to a healthy economy by investing

in industry, selecting shares in which there are reasonable prospects of an adequate return. Our funds represent the savings of our policyholders and the interests of our shareholders and there is no evidence at all that it will benefit them for the Government or some central agency to take decisions on their investment. Such a concept would do nothing to further our ability to compete in world markets and increase the valuable contribution which our invisible earnings make to the British economy or to produce the essential insurance cover on the home market at the lowest possible cost.

It has been a difficult year but progress has been made. New problems lie ahead and I am confident that our staff all over the world will continue to respond to the variety of challenges that will inevitably confront them. I thank them for all that they have done.

underwriters are experiencing severe competition. It seems to us that the time has arrived when the London Market as a whole must give a lead to other markets in the world if the business is again to be put on a profitable basis.

The 1975 account produced a small loss but it has not been found necessary to make any transfer from Profit and Loss. At the end of the year the Fund represented 132.3% of the premium income.

### Overseas excluding North America

The outcome for 1977 has been disappointing with an overall underwriting loss. While operations in Denmark, France and Italy were profitable, market conditions in Holland, Belgium and Germany were difficult and our accounts there were in deficit. A surplus was earned in New Zealand after deficits in recent years and in Australia a satisfactory surplus has again been produced despite deteriorating market conditions. There has been a recovery in South Africa although we have not yet returned to profit. There was a further, though reduced, contribution from overseas business written in London by the International Department.

### North America

There has been a substantial improvement in the United States with a reduction in the non-marine loss from \$4.3m in 1976 to \$1m. We are fortunate to have our U.S. business in the hands of Chubb & Son. In Canada a small profit was achieved.

### Investment

After the difficulties of the previous year, 1977 was a more encouraging and profitable time for investment in the U.K. and Stock Markets enjoyed a substantial rise over the year. Accordingly there was a significant improvement in the market values of both the General and Life Funds, the surplus over book values increasing to £191m and £143m respectively at the end of 1977 compared with £119m and £70m previously. Investment income of the General Funds increased by 14.2% to £53.2m.

### Property

The British property market was strong and values moved ahead quite substantially in all sectors. The Group continued its policy of selective investment in first class properties and an important feature of our programme was the agreement with the Rank Organisation to purchase eleven properties for a total price of £25.6m. A realisation of the Group's General Fund properties at year end showed a surplus of £68m over book values.

### Systems

Development of our teleprocessing network in the U.K. has continued with its extension to our Claims Bureau. This will enable us to make a further improvement in the service we provide.



MARKET REPORTS

Ship market holds back Willis Faber

Willis Faber, the insurance broker and underwriting agent which obtained a Stock Exchange listing in 1976, does not expect the profits growth of the last few years to be repeated in the current year, Mr Ronald Taylor, the chairman comments in the annual report.

Sluggish world trade has had a particular impact on marine insurance, upon which the company has a "significant" dependence. Willis Faber is also having to cope with substantial extra expenses of the new premises and the installation of new systems. Last year pre-tax profits rose by 17 per cent to £8.93m.

Beatrice Foods offering sells out quickly despite lower yield

A \$100m offering of five-year Beatrice Foods Overseas Finance NV notes at par bearing 7.75 per cent annually sold out quickly this week even though the yield was below comparable yields for five-year United States Treasury Paper, writes AP-Dow Jones.

In what was considered to be a feat for the syndicate manager, Kidder Peabody International, the offering was closed four days early.

Syndicate sources said that demand was particularly heavy in Switzerland where investors are more concerned about quality than the yield.

Guaranteed by the Beatrice Foods Company, whose United States debt is "AAA" rated, the issue was entirely underwritten by a six-member syndicate. About 30 per cent of it was re-offered through a selling group at a 1.25 per cent concession.

"Demand from the selling group was getting so large that we would not have been able to ensure that the managers got the bonds reserved for them. So we closed the offering ahead of time," a spokesman for Kidder Peabody said.

However, an even more audacious attempt to place paper at below market levels was initiated by Deutsche Bank with a private placement of BASF Overseas NV.

Guaranteed by BASF AG, the German chemical company, the notes have been priced at 99.25.

Euromarkets

bearing 7.5 per cent to yield 7.72 per cent at maturity. Though Eurodollar debt offerings by German companies are a rarity, four-year prime bank certificates of deposit were available on Friday at a yield of 8.25 per cent to the investor.

To be sure, the subscription price does not really indicate the yield at which large investors can obtain the bonds since it is common practice for syndicate members to pass on all or part of their selling group commission to the investor in what amounts to a hidden fee cutting. Thus, if the 1.125 per cent selling group commission for the BASF offering were subtracted from the subscription price of 99.25, the actual price to the large investor would come to 98.125 for a yield of 8.07 per cent.

Similarly, dealers said that Beatrice Foods' notes could be obtained at a 1 point discount for a yield of 8.0 per cent.

Also scheduled this week is a \$75m, 15-year bond issue bearing 9.0 per cent of Caisse Nationale des Telecommunications through a syndicate managed by Deutsche Bank and Union Bank of Switzerland (Securities). Guaranteed by the

Bank Base Rates

ABN Bank	7 1/2
Barclays Bank	7 1/2
B.C.C.I. Bank	7 1/2
Consolidated Credits	7 1/2
First London Secs	7 1/2
C. Hoare & Co.	7 1/2
Lloyds Bank	7 1/2
London Mercantile	7 1/2
Midland Bank	7 1/2
Nat Westminster	7 1/2
Russminster Acc's	7 1/2
TSB	7 1/2
Williams and Glyn's	7 1/2

More share prices

The following will be added to the London and Regional Share Price List tomorrow and will be published daily in Business News:

Commercial & Industrial  
Concorft

Company	Price	Change	Yield	P/E
2400 Airspring Ord	155	+1.2	8.8	8.9
387 Airspring 18 1/2 CULS	155	+1.2	8.8	8.9
1000 Armirage & Rhodes	160	+2.3	8.2	17.0
4888 Bardon Hill	110	+2.0	5.1	4.6
2952 Deborah Ord	110	+2.0	5.1	4.6
450 Frederick Parker	136	+1.1	12.4	9.1
254 George Blair	145	+2.0	10.3	5.8
1150 Jackson Group	99	-1.0	6.0	9.1
13663 James Burrough	310	+5.0	26.7	8.6
3162 Robert Jenkins	16	-1.0	—	—
3419 Twinkl Ord	79	-1.0	12.0	15.1
2156 Twinkl 12 1/2 ULS	79	-1.0	12.0	15.1
3264 Unilock Holdings	102	-7.0	9.3	9.3
6142 Walter Alexander	75	-6.4	6.2	7.5

Pearson Longman Preliminary Announcement of 1977 Results

	1977	1976
Turnover	£400	£400
The Financial Times Limited	26,306	23,235
Westminster Press Limited	53,755	53,755
Longman Holdings Limited	35,598	34,466
The Penguin Publishing Company Limited	18,035	18,035
Ladybird Books Limited	3,683	3,536
Inter-company turnover eliminated	(1,109)	(892)
	146,466	130,198
Profit before interest	3,378	2,453
The Financial Times Limited	5,970	4,490
Westminster Press Limited	8,760	8,136
Longman Holdings Limited	1,679	3,213
The Penguin Publishing Company Limited	477	798
Ladybird Books Limited	(49)	(15)
	30,215	19,975
Interest payable less interest receivable	551	931
Profit before taxation	19,664	18,144
The company and its subsidiaries	1,734	1,730
Associated companies	21,398	19,874
Taxation thereon		
The company and its subsidiaries	8,653	7,558
United Kingdom	1,404	1,883
Overseas	10,097	9,441
Associated companies	833	936
	10,890	10,377
Profit of the group after taxation	10,508	9,497
Profit attributable to minority interests	481	484
Net profit of the year attributable to Pearson Longman Limited before extraordinary items	10,027	9,013
Extraordinary items	59	152
Net surplus including extraordinary items	10,083	9,165
Dividends		
Preference shares	22	22
Ordinary shares		
First interim	1.750	1.750
Final (1976 second interim & final, restated)	4.236	3.665
	5.986	5.415
tax credit to shareholders	3.084	2.851
	9.070	8.266
Surplus retained and added to reserves:		
Capital reserves	236	160
Revenue reserves	7,358	6,751
	7,594	6,911
Earnings per ordinary share (based on profit before extraordinary items but after deducting preference dividends)	24.27p	21.81p

The exchange dealing arising on the annual reconversion of net assets overseas amounting to £620,000 (1976 surplus £85,000) has been transferred direct to reserves.

The directors recommend a final dividend on the ordinary shares of 4.236p per share for the year to 31st December 1977 (1976 second interim and final 3.665p). This dividend will be payable on 12th June 1978 to ordinary shareholders on the register at the close of business on 12th May 1978 and will include United Kingdom shareholders to a tax credit of thirty-four sixths of the actual amount received. It will therefore be equivalent to a gross dividend of 6.118p per share making with the interim dividend already paid a total of 9.077p per share (1976 8.266p). This is the maximum permitted under existing regulations.

Unit Trust Prices—change on the week FT Index change on week 4550+7.6

Unit Trust	Price	Change	Unit Trust	Price	Change
1000 Airspring Ord	155	+1.2	1000 Armirage & Rhodes	160	+2.3
387 Airspring 18 1/2 CULS	155	+1.2	4888 Bardon Hill	110	+2.0
1000 Armirage & Rhodes	160	+2.3	2952 Deborah Ord	110	+2.0
4888 Bardon Hill	110	+2.0	450 Frederick Parker	136	+1.1
2952 Deborah Ord	110	+2.0	254 George Blair	145	+2.0
450 Frederick Parker	136	+1.1	1150 Jackson Group	99	-1.0
254 George Blair	145	+2.0	13663 James Burrough	310	+5.0
1150 Jackson Group	99	-1.0	3162 Robert Jenkins	16	-1.0
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2156 Twinkl 12 1/2 ULS	79	-1.0	6142 Walter Alexander	75	-6.4
3264 Unilock Holdings	102	-7.0			
6142 Walter Alexander	75	-6.4			



# John Foorc

plant and machinery valuer

**§ Forward bargains are permitted on two previous days**

## THE TIMES SHARE INDICES

The Times Share Indices for 22.04.78 (base date June 2, 1964 original base date June 2, 1920) —

	Index No.	Dr. Yield %	Earn. Yield %	Change over week
	Latest			
<b>Top Times Industrial Share Index</b>	194.23	9.77	12.89	+4.41
All Share Index	194.78	9.52	12.82	+4.41
Smaller Coys.	222.41	7.50	14.60	+4.21
Capital Goods	185.45	7.18	12.51	+4.29
Consumer Goods	215.25	9.83	12.25	+5.72
Store Shares	170.02	6.36	8.13	+3.23
<b>Largest Financial Share</b>	378.22	0.08	—	+45.48
<b>Largest Financial and Industrial</b>	201.92	0.43	—	+4.65
<b>Commodity Shares</b>	234.46	8.80	13.49	+4.68
<b>Gold Mining shares</b>	231.06	0.06	17.92	+5.77
<b>Industrial debenture stocks</b>	93.62	8.38	—	+0.23
<b>Industrial preference stocks</b>	58.80	11.88	—	+1.10
<b>3½% War Loan</b>	36½	10.53	—	+½

A record of The Times Industrial Share Indices is given below—

	High	Low
All-time	222.88 (14.06.77)	65.10 (22.12.74)
1977	208.13 (10.07.77)	101.58 (02.01.78)
1976	222.58 (14.06.77)	131.29 (12.01.77)
1975	176.10 (05.05.75)	113.83 (29.10.74)
1974	182.18 (22.11.74)	101.44 (06.06.74)
1973	176.18 (28.07.74)	90.00 (12.12.74)
	180.33 (12.01.73)	120.86 (14.11.73)

\* Flat Interest Rate.











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a Special Report

# United Arab Emirates

## Federation makes progress despite internal rivalries

Geoffrey Weston

The growing power of the 21,000-strong federal administration is sometimes seen as a threat to their local independence even though the federal budget is paid for almost entirely by Sheikh Zayed.

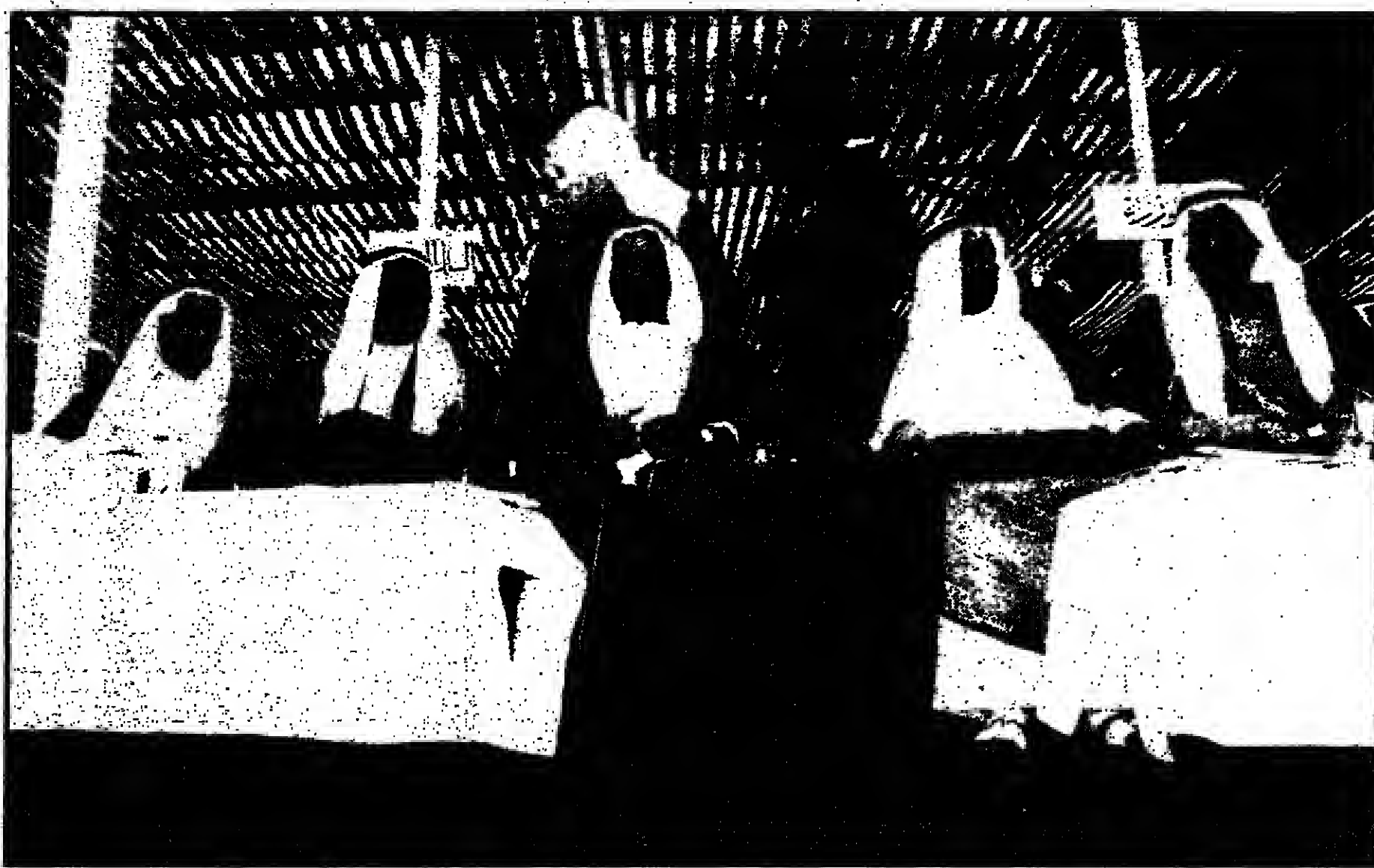
In some ways Dubai, a dynamic trading centre before the present period of affluence, is the despair of the bureaucracy. It has been described as a giant holding company with Sheikh Rashid bin Said al Maktum, the Ruler, as its brilliant chairman, chief executive and governing board rolled into one. His administration, an elite group of fellow traders, is extremely small, decisions are taken swiftly, often on an ad hoc basis, and they are carried out with equal speed.

In spite of being vice-president of the federation, Sheikh Rashid has little time for politics or the slow and ponderous approach adopted in Abu Dhabi. Although the rivalry between him and Sheikh Zayed is undeniable they cooperate on matters of mutual interest. Sheikh Sultan bin Mohammed al Qasbi, Ruler of Sharjah, is Sheikh Zayed's staunchest ally, although the rulers of the poorer emirates—Ajman, Umm al Qaywayn and Al Fujayrah—tend to accept federal policies laid down by the others.

Geography of local pride or independence by some of the rulers have occasionally resulted in confrontation which occasionally stops short of armed conflict. Often, however, it is seen in absurd and wasteful duplication.

Most serious has been the proliferation of seaport and airport developments. There are now four international airports, the most important in Abu Dhabi and Dubai. Ras al Khaymah, not to be left out but admittedly more remote, opened its airport two years ago with one flight a week. Sharjah opened one last year only five miles from the one in Dubai.

The shipping berth surplus results from an under-



Piercing looks for Sheikh Zayed (centre), the President of the UAE, from Sheikh Rashid (left) of Dubai, and Sheikh Saqr (far left), of Ras al Khaymah, the two most independent rulers in the federation. Other members of the Supreme Council watching a National Day parade are Sheikh Sultan, the Ruler of Sharjah, and Sheikh Hamad (far right), the Ruler of Al Fujayrah.

Photograph: Christine Osborne

new central bank was outlined to a meeting of bankers last January. Its future depends on cooperation between the emirates, particularly Dubai, which has always favoured a laissez faire economy.

Not surprisingly less emphasis has been placed on prestige projects and large expansion. Abu Dhabi has in effect shelved its plans for a huge industrial complex at Ruwais, although Dubai is continuing with its counter-part at Jebel Ali.

Sharjah, where the effects of the oil boom arrived late, has been hardest hit by the recession.

In an effort to overcome the economic crisis Sheikh Sultan secured a loan of \$250m last month from the Banque Arabe et Internationale d'Investissement which is guaranteed by Abu Dhabi.

Inflation is still running at well over 30 per cent a year, although Dubai, Sharjah and, more recently, Abu Dhabi

have taken measures to curb rents, one of its main causes. Abu Dhabi has also reduced some of the worst effects by delaying payments for five months—more which has also affected Sharjah, since some of its projects are paid through the federal purse. Discontent has been aroused in the smaller emirates since the Currency Board's decision to stop lending money last summer.

Integrating the Armed Forces has been the key to federal progress. After years

of wrangling they are now in one federal uniform, but Sheikh Zayed raised a storm in February when he appointed his own son commander-in-chief without consulting the other emirates. This incensed both Sheikh Saqr bin Mohammed al Qasbi, Ruler of Ras al Khaymah, and Sheikh Rashid, whose son is defence minister. Informal observers regarded the appointment as an act of clumsiness rather than a move to impose authority from above.

Immigrants, who make up four-fifths of the population, continue to be the most contentious issue of all, one which is only aggravated by economic growth. To what extent the federal administration is run by expatriates for expatriates is just one aspect of the problem that exercises the minds of the seven rulers.

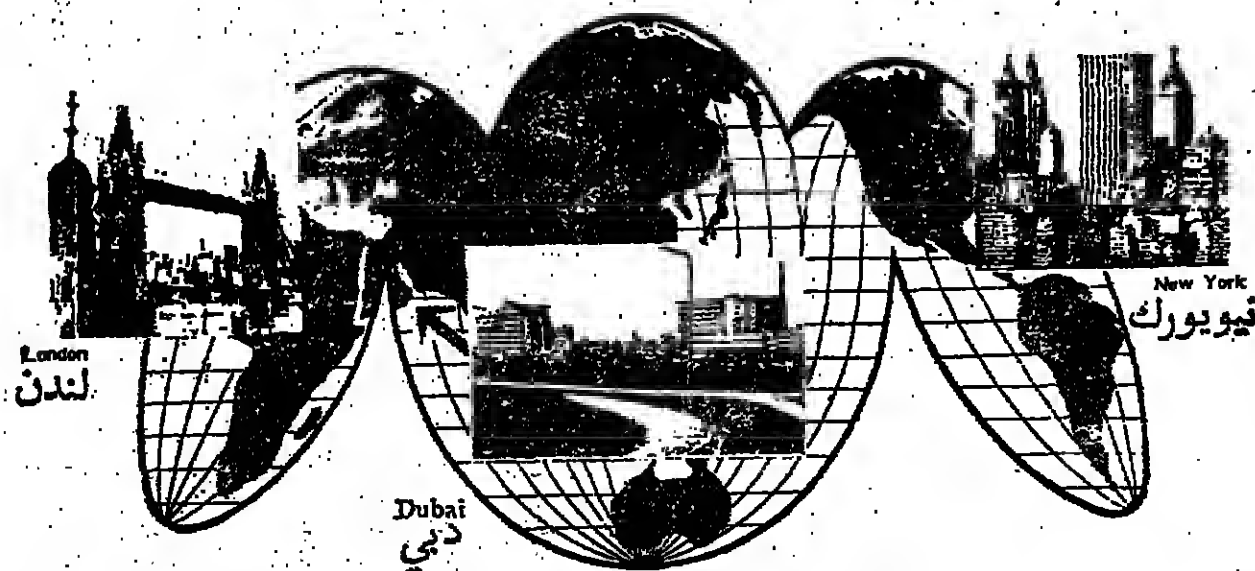
Although Britain is occasionally blamed for some of the UAE's problems, it did not leave behind it a legacy of Western institutions like democratic elections, a free press or trade unions. The UAE is evolving slowly on traditional patriarchal lines and the squabbles that arise from time to time are part of that continuing process.

To an extent they may be smoothed over by Sheikh Zayed's continuing largesse, but only time may make the blurring of old allegiances part of a preferable way of life as the educated youth learn to appreciate the benefits of federation.

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# **SOGEX** **سوجكس** CONTRACTING & TRADING **التجارة والبناء** **YOUR CONTRACTING AND ENGINEERING PARTNER IN THE ARAB WORLD**

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The SOGEX GROUP comprises more than 20 engineering companies throughout the Arab World, in Europe and the U.S.A. We employ more than 5,000 University Graduate Engineering and Administrative staff. This great capacity of specialised technical experience is always immediately available to support any project undertaken by the SOGEX GROUP.

The SOGEX GROUP takes special interest in economic and social development projects such as:

- \* Residential complexes, using the most modern methods, to ensure shorter construction period and lower costs
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- \* Water reservoirs and distribution networks

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- \* Water reservoirs, pumping stations and a large water distribution network in Oman
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- \* Power and desalination plant in Oman
- \* Residential buildings in Dubai
- \* Water treatment plant in Ras Al Khaimah

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- \* One hundred residential villas in Al Ain City
- \* Multi-storey buildings for Al Rustamani in Dubai
- \* Desalination plant for the Saudi Arabian Navy
- \* Construction of water reservoir in Al Ain
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## Jeremy Landor describes the United Arab Emirates' role within the Arab World, and writes on the country's role within The Gulf and the security measures it entails **Close ally but no tool of the Saudi rulers**

The rest of the Arab world is known to natives of The Gulf as "the northern Arabs", expressing the day which is sometimes felt between the two. A joke is told by the "northern" of Arabs to illustrate the apparent inability by the year of the October war, 40 Gulf Arabs to make any per cent of the emirates' oil clear decision on issues concerning the rest of the Arab world. A man goes to his local mosque to pray, but he finds the door shut when he arrives. He goes home without any hesitation, saying to himself: "Well, the decision was theirs, not mine."

That may not make you laugh, but it should help you understand that there is a certain amount of mockery in the attitude of the rest of the Arab world to their Gulf brothers. This attitude results from the heavy reliance on Gulf funds by many Arab countries which resent their own economic weakness and suffer constant disappointment when the political support fails to match the financial.

Recently two Arab states in particular have had reason to feel embittered. The most immediate is Egypt, whose President suffered from considerable when Saudi Arabia and The Gulf states refused to come out in favour of his negotiations with Israel. The other was Syria, whose economy was brought to the verge of collapse when President Assad's intervention in Lebanon drew disapproval from his financial backers. Nor could those states which came out strongly against President Sadat's extended hand rejoice in any support from the south.

The United Arab Emirates—mainly Abu Dhabi—is one of the main supporters of the Arab front-line states against Israel, particularly Egypt through The Gulf Fund for the Development of Egypt. But its main contribution to the Arab cause is a share of at least 15 per cent of the Arab Military Industries Organization (AMIO). The setting up of an indigenous arms industry fits in with

### **Wide reputation for generosity**

When talking of UAE commitment we are talking mainly about Abu Dhabi. Since it is by far the richest emirate, it can be further narrowed down to the person of Sheikh Zayed bin Nahayan, who considerably when Saudi money goes, and not surprised to come out in favour of his negotiations with Israel. The other was Syria, whose economy was brought to the verge of collapse when President Assad's intervention in Lebanon drew disapproval from his financial backers.

They were the only two countries to limit the 1976 oil price rise to 5 per cent when the other 11 Opec members decided on 10 per cent. But this cooperation, which the UAE considers necessary to its survival, can also work against its long-term interests.

In March, 1977, Saudi Arabia decided it was time to put pressure on the 11 wayward oil states by raising production, and to persuade Abu Dhabi to do the same. But whereas Saudi Arabia has the reserves to be able to stand such a rise in production, Abu Dhabi has not. In fact Abu Dhabi has always had a policy of



Mr Ahmad Khalifa al-Suwaidi, the UAE Foreign Minister, has suggested ties with the Soviet Union and rapprochement with Iraq.

conserving its oil resources for as long as possible. UAE officials questioned at the time about the 500,000 barrels a day production increase refused to comment on whether there had been Saudi pressure.

A certain amount of independence has been shown by the UAE in choosing the sources of its arms supplies. This policy has been partly due to the refusal of the United States to provide arms to the smaller Gulf states in case an alliance of Gulf states should threaten the hegemony of its chosen Gulf gendarme, Iran. The emirates have never

theless built up a small but to play. This is in well-equipped federal army with Third World which held impressive when Saudi Arabia's manoeuvres last year, showed of its relations with off modern weaponry. United States, such as French Mirage, always be as effective. The UAE has not managed UAE, whose position to be as independent as leaving more to Saudi influence, as Kuwait, was aligned. Among a host which is buying arms from the Soviet Union (although World countries Saudi Arabia stood firmly the UAE are the against sending Kuwaitis to cases of Somalia train in the Soviet Union), these. But it has been helped by former alliance India, Pakistan, Jordan, the Soviet Union in France and Britain in train of Somalia—of being and equipping its army. political character country makes When Sheikh Zayed was likely to the aligned interviewed by a Kuwaiti "progressive" newspaper last October, he than with the UAE's relationship with the Emirates, which Saudi Arabia was made of tially equals, or one in which the movement—Gulf UAE was dominated. The direct with Saud President's answer was more difficult. characteristically evasive. The UAE is known "Saudi Arabia's influence over the region's bigge contributor to the as the UAE's influence over the movement Saudi Arabia". Sheikh Zayed obviously has his reasons for sidestepping the question. There is a vital sphere of UAE. In addition, UAE has a role of its own to African countries

## **Interest in safety first brings a certain paranoia**

Officials in the United Arab Emirates say that even the most optimistic of observers can not have a surety in 1971, when the British withdrew, that today the Gulf would be so stable, and a secure source for Western oil supplies.

It seemed unlikely, at the time of the British withdrawal, that the local states would be able to fill the power vacuum without direct intervention of the super powers.

The formula which was found ratifying United States domination over the area by the use of proxy powers—Saudi Arabia and Iran—but especially the latter—has been reasonably happy one for the rulers of the smaller emirates who have managed to maintain their independence and also to find the right conditions for promoting unity among themselves in the face of growing Iranian military might.

Because of its vulnerability, and the good relations the President enjoys with the Saudi rulers, the UAE has allied itself with Saudi Arabia. However, relations with the other powerful neighbour, Iran, have been uneasy since the Shah's army seized Abu Musa Island from Sharjah, and the Two Tumbs from Ras al Khaymah.

Urgent consultations took place between the bordering states to discuss the implications of the incident and a further meeting was arranged to be held in Tehran. The Gulf states are worried that a determined group of rebels wishing ill to the local rulers and their Western allies might bring world oil supplies to a halt by sinking a couple of super-tankers in the right place. This fear is not very realistic given the volume of oil stockpiled by industrialized nations which would see them through a temporary crisis of this nature.

This sort of alarm does not compare with the sort of threats which were in the air a few years ago. It was only in 1973 that a number of Dhofaris in the Abu Dhabi Armed Forces were arrested for organizing a cell of the Popular Front for the Liberation of Oman and the Arab Gulf (PFLOAG). Sheikh Zayed bin Sultan al-Nahayan of Abu Dhabi hurried to Oman to offer his support to Sultan Qabus in fighting the Chinese-backed Dhofaris. The conflict had its positive side for the UAE, because in the same way a fear of Iran had helped to unite the seven emirates, the Dhofar war meant that differences between Oman and the UAE were suspended.

Recently, with the subsiding of the Dhofar war, the old dispute over Oman's claim to substantial parts of Ras-al-Khayman flared up once again. Sultan Qabus made a show of strength which was rumoured to include units of the Iranian Army, a rumour which gained credence against the background of Iran's role along with British and Jordanians in crushing the Dhofaris, and the Shah's visit to Muscat which preceded the Sultan's move. Sultan Qabus's ambitions to play a larger role in the Gulf and his

cooperation with the Shah have meant a corresponding deterioration in UAE relations with Iran, although certain individual rulers like Sheikh Rashid bin Sultan al-Makrum of Dubai continue to have close personal relations with the Iranian Ruler which courages Sheikh Zayed's notable. The last serious attempt to organize coordination between the Gulf states in order to improve security was in November 1976, when all the Gulf states, including Iraq, met in Muscat. Talks were abortive, mainly because Iran and Iraq were suspicious of each other's intentions: Iran proposed a military alliance of Gulf states which Iraq regarded as a way of rubber-stamping Iranian domination of The Gulf.

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### **Need to offset weighty US domination**

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### **Aggressive act has not been forgotten**

This act of aggression on the eve of independence has not been forgotten, nor the emirates have learnt from this experience that they cannot survive on their own, but that as a closely knit federation backed by the Saudis they can prosper. The Gulf states have an overriding interest in keeping The Gulf secure so that their wealth can grow. From this need has developed a certain paranoia about protecting the region from subversion or foreign intervention.

Foreign in this case means Soviet, although there have been many rumours about the formation of a special force in the United States to intervene in The Gulf if necessary, as well as reports that Israel is prepared to attack Gulf oil installations. It is considered probable that Soviet-backed Iraq and South Yemen would

encourage subversion. This has become more likely recently, after a period of several years when the emirates were under the steady hand of British rule, because relations between Saudi Arabia and South Yemen have once again deteriorated.

An example of the deep concern for the security of the Hormuz Strait can be found in a recent and seemingly trivial incident. Last December it was reported that there had been an explosion in a tanker lying through the strait. The found strait was blocked for several hours before the ship could be moved.

Urgent consultations took place between the bordering states to discuss the implications of the incident and a further meeting was arranged to be held in Tehran. The Gulf states are worried that a determined group of rebels wishing ill to the local rulers and their Western allies might bring world oil supplies to a halt by sinking a couple of super-tankers in the right place. This fear is not very realistic given the volume of oil stockpiled by industrialized nations which would see them through a temporary crisis of this nature.

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At the Muscat conference the UAE Foreign Minister, Mr. Ahmad Khalifa al-Suwaidi, made far-sighted and controversial suggestions concerning the necessity to offset the weighty American surrogate domination of The Gulf by initiating closer ties with the Soviet Union, including rapprochement with Iraq. Such a step would have opened a new chapter in the history of The Gulf, but traditional fears of the Soviet Union preclude any such attempt to find greater independence by walking a tightrope between the super powers, although the ambitions of the UAE clearly lie in that direction.

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Lack of cooperation between the emirates is seriously endangering water supplies. An American survey team says that sources could run dry within five years. Geoffrey Weston discusses steps taken so far

## Nuclear power suggested for massive desalination plant in mountains

and water supplies in the United Arab Emirates are running dry within a matter of months unless urgent action is taken, according to Mr. J. R. Davies, the leader of a team from the United States of Reclamation.

Mr. Davies has recently completed a survey of the water resources of the United Arab Emirates. Over the past four years, the natural rainfall averages about 200mm in the north.

Of the natural water resources, the most serious problem is the depletion of the natural aquifers. In the north, the rate of recharge was only 100 million cu metres, the net loss was then 124 million cu metres. Today it is obviously worse.

Mr. Davies's recommendations have had to take into account that in practice none of the emirates would be prepared to hand over total control of their water supplies to a federal authority. Having considered a variety of measures, including towing icebergs and shipping or piping flood water from the Indus in Pakistan, the American team has put forward a package of proposals which, apart from being the cheapest, would probably offer the greatest flexibility.

It is established that the only significant source of rain water was in two areas—at Wadi Bih, in Ras al Khaymah, and Wadi Ham, in Fujairah—where it flowed straight into the sea. Water in all other areas reached the underground aquifers naturally. It is proposed to build a dam at the mouth of each of these wadis to force water into the underground aquifers.

Open porous gravel would have to be poured into the aquifers where necessary to avoid silting, although sediment might eventually have to be removed as part of a maintenance programme. As Mr. Davies's photographic records show, storm water can lie on the sand's surface and only too quickly be lost through evaporation.

High evaporation concentrates minerals and increases salinity. Water savings of 1,700,000 cu metres a day could be made at Wadi Ham and 700,000 cu metres at Wadi Bih. Nationally, this is only a drop in the ocean—a mere 2 per cent of the country's needs. As a quicker emergency measure, wells on a grid system are planned near the sea at Wadi Bih, where the Ruler of Ras al Khaymah, Shaikh Sagr bin Mohammed al Qasbi, has shown his concern by building a temporary dyke to retain some of the water otherwise lost.

Studies based on 1975 consumption figures show that 150m cu metres of new water is needed to prevent the central plain from turning into wasteland. Even the most careful conservation of existing resources would give it a life of no more than 20 years.

In addition, the main urban areas of Abu Dhabi, Dubai, Sharjah and Ras al Khaymah would require desalination plants. One is already in operation in Abu Dhabi with plans for more and for supplies to be piped as far as Al Ain. Dubai has one under construction at Jebel Ali and Sharjah has one on the drawing board. Ras al Khaymah also has its own plans for conservation.

Mr. Obaid Karim, the director of the Soil and Water Department in the Ministry of Agriculture and Fisheries, would like to see a federal water authority equipped with adequate powers to control drilling throughout the UAE. He feels too that a sensible policy on water needs and conservation can be worked out only in conjunction with a comprehensive agricultural strategy. At present the only federal project in this sector is an experimental farm at Digdadi, run in cooperation with the Food and Agriculture Organisation.

No official costings of the American plan have been released but estimates suggest that over seven years it could reach \$1,200m. People in remote areas still talk of the days of poverty before the oil when a family would kill to preserve its rights over a waterhole and thereby safeguard its own survival.

The main stumbling-block will not, however, be raising the money, but the political one of persuading the seven rulers not only that the crisis point has arrived but that they must agree on joint action now before it is too late. Past experience suggests there is little hope of this prospect being fulfilled.

The main proposal is a massive desalination plant at Dibbah in the mountainous area north of Fujairah close to the Omani border. This project would incorporate a reservoir that would store a quarter of the nation's annual demands of water and an extensive piping system that would enable supplies to be run either into the aquifers in the central plain or direct to the urban areas.

Supplies could be adjusted daily to cope with peak periods or the seasonal demands of crops. Individual emirates would have a partial degree of control over their own needs, a strategic need in emergencies.

Dibbah was a natural choice. The sea water near by is less salty than The Gulf's; brine disposal and the prospect for freshwater imports are both made easier by the deep offshore water at this point. A power plant would form part of the same operation to make good use of the excess heat generated by the desalination process.

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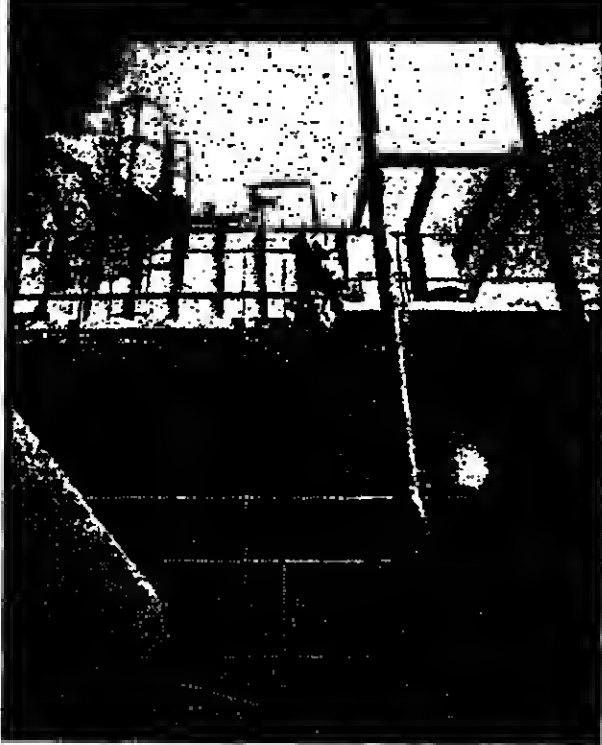
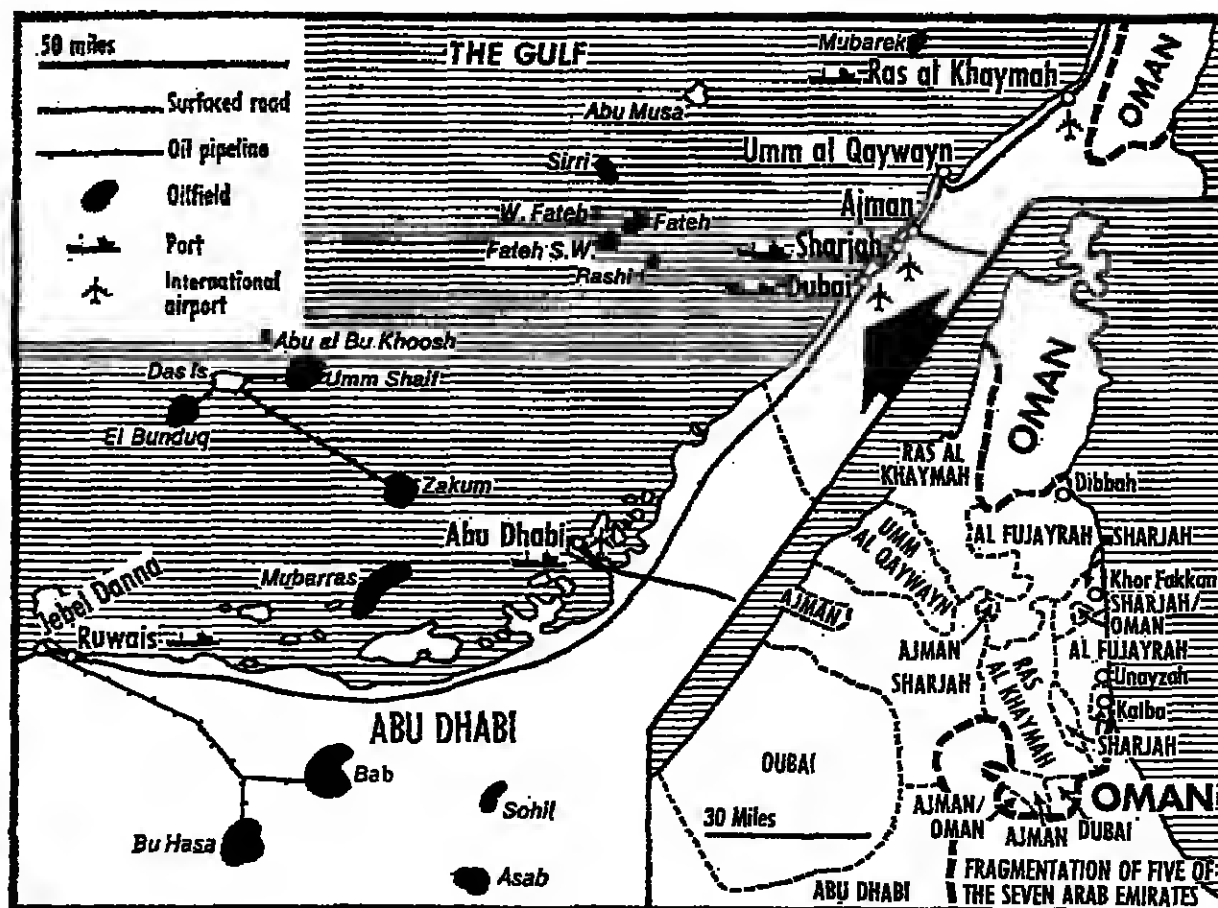
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A desalination plant in Abu Dhabi, capable of producing two million gallons a day. Right, an Indian at work in a pumpkin field belonging to the Fujairah Farms Company, near Dibbah.



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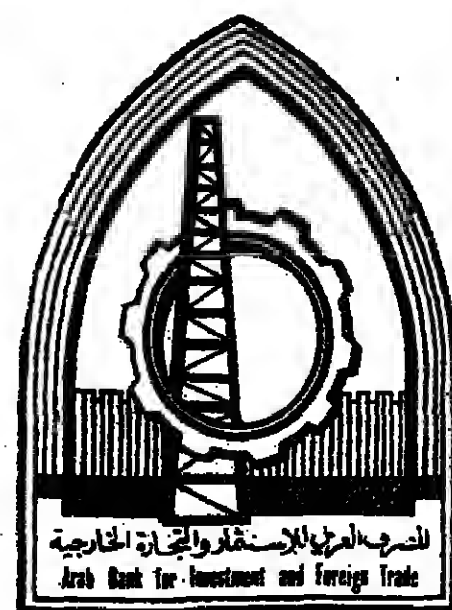
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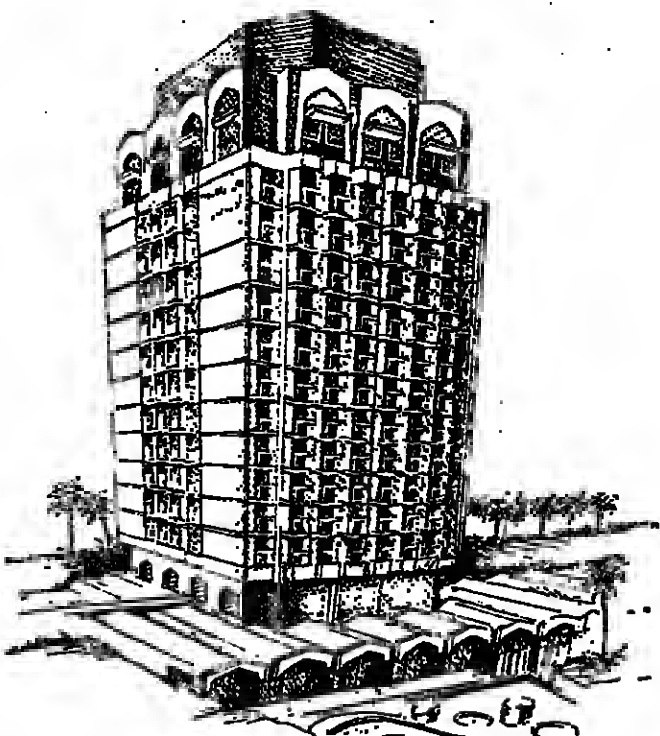
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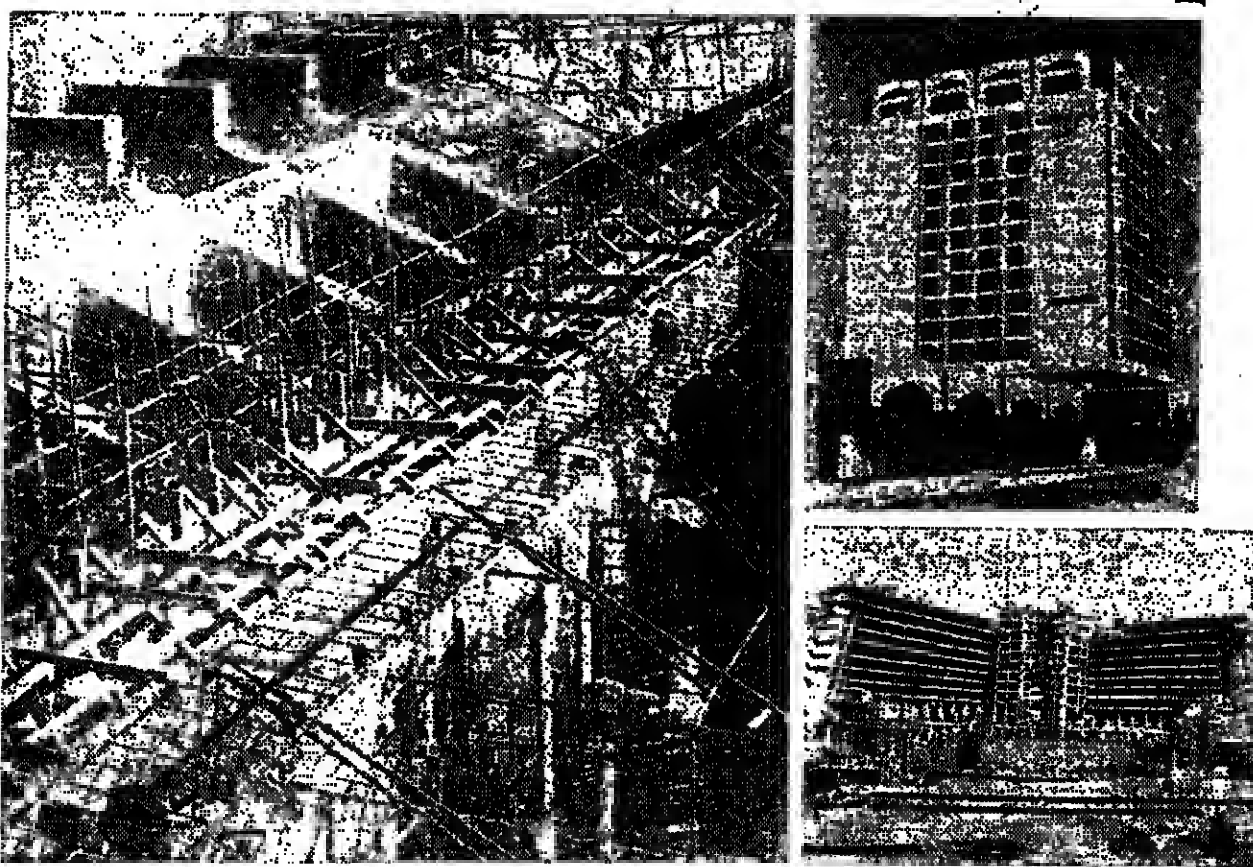
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## Banks need strong central authority

by Rodney Wilson

No one in the United Arab Emirates can complain of a lack of banking facilities, as along the waterfront of the creek of Abu Dhabi, every other building appears to be a bank. The seven emirates together boast more banks a 1,000 people than any other country in the Middle East.

This proliferation of banking has, of course, been a consequence of the oil revenue in the emirates, and it is not surprising that banks are attracted in large numbers to a country which enjoys the highest income a head in the world, greater even than that of the United States. The banking boom of the past few years has, however, been a mixed blessing in many ways, and in particular it has proved extremely difficult for the authorities of this young federation to exercise adequate control over financial practices.

The United Arab Emirates Currency Board, which was founded five years ago to act as central banker, has tried hard to ensure that proper banking standards are maintained, but its task has been far from easy, not least because of the speed with which new developments occurred in the aftermath of the 1974 oil price increases. The board's problems in exercising effective control were further accentuated by the fact that the emirates are a loose federation, rather than a closely integrated state where economic decision making was fully centralized.

With such an expansion of banking activity, some financial failures seemed inevitable. These came last year, and not surprisingly it was two small fringe banks which were affected, the Janata Bank, which was owned by the Central Bank of Bangladesh, and the Ajman Arab Bank, which was locally incorporated in the UAE. These failures were well publicized, which undoubtedly undermined financial confidence, as many economic observers have been banking on a bubble that had finally burst.

The affairs of the two banks were such that the Government decided not to act as lender of the last resort and protect the public's money. However, this resulted in considerable controversy, both in banking circles and more generally in the emirates, which culminated in the resignation of Mr Ronald Scott, the managing director of the UAE Currency Board.

This refusal to act as lender of the last resort placed the currency board in an invidious position, and consequently after the departure of Mr Scott, nobody seemed keen to take on the managing director's job. The currency board's main problem was that many expected it to act as a fully fledged central bank, but it lacked both the power and the staff to perform this function.

At the time of its creation in 1973, it would have been impossible to envisage the rapid development of the UAE as an important financial market. The board's principal task was to manage the currency issue for what was then one of the least important economies in the Middle East, and at the same time maintain informal contacts with the few banks that then existed, all of which were highly respected financial institutions which required almost no supervision.

The United Arab Emirates Currency Board has served the country well for the most part over five years, but there is now a widespread feeling that a strong central bank authority is needed to manage monetary affairs. Apart from the question of control of commercial banking activity, the need is also apparent for a central bank to play an active part in managing the UAE currency, the dirham, both through exchange rate policy and through control of the money supply.

The latter is particularly important in the UAE, as rates of taxation are so low that the authorities cannot use fiscal policy to control economic activity. Thus monetary supply policy is critical, as was apparent last year in the aftermath of the banking crisis.

In order to restore confidence the main measures taken included increasing the ratio of deposits that commercial banks were required to hold with the currency board from 5 per cent to 7½ per cent, while banks were not permitted to lend out amounts greater than 15 times their own assets of capital and reserves.

At the same time the rate of domestic monetary expansion slowed down considerably, though this was probably desirable, as had the 58 per cent increase of the 1976-77 period been sustained, inflation would certainly have become much worse.

At the end of last year, therefore, a new managing director was appointed for the currency board, Mr Abdul Malik al-Hamar, a UAE national with considerable financial experience. He is being assisted by Mr Denis Ferman, an Inter-

national Monetary Fund expert who was sent out to the UAE last year after a government request in the aftermath of the financial crisis.

Mr al-Hamar is confident about the future, and believes that the remaining problems are now psychological and administrative, which sound management should soon overcome. Re-organization is clearly needed, and this is already being carried out by the new director. Later this year the currency board will be converted into a fully-fledged central bank if present plans go ahead, and a draft law has already been drawn up to bring this change about.

As the new Central Bank will require substantial funds if it is to support the UAE's currency effectively, under article 41 of the draft law, the federal and emirate governments will be required to deposit their dirham funds with the bank at no interest, in accordance with standard central banking practice. This is expected to arouse some opposition from individual emirates, but less controversy has been created by the articles governing commercial banking practice, which are widely viewed as necessary.

There is strong evidence that Mr al-Hamar's optimism about the future is justified, as the economy of the UAE is basically healthy, with substantial balance of payments surpluses likely well into the 1980s. Reports of flights of capital out of the emirates, and speculation concerning the imposition of strict controls over capital movements by the currency board, are mere mischief-making, as the dirham is regaining its strength.

In February it was revealed slightly against the dollar, and many financial observers expect further revaluations in the coming months, although with oil prices still fixed in dollars, there is a reluctance to appreciate the currency too far.

The currency board, however, felt confident enough for the first time since Mr Scott's departure to take measures to stimulate the economy. Meanwhile, the two banks that prompted last year's crisis are being reopened, as the Janata Bank has obtained \$10m to tide it over, while the Ajman Arab Bank has been raising funds both locally and in the United States. The financial mood has been changed remarkably since last year in the UAE, but the experience gained will not easily be forgotten.

Dr Wilson, of Durham University, is a specialist in Middle Eastern economics.

## Investment abroad too conservative

by John Whelan

Mr Saleh Farid is a Yemeni barrister who has his own aluminium, shipping and construction interests in Abu Dhabi. Last year he agreed to pay off all the debts of a small electronics firm in Poole, Dorset, which has a staff of 17 including the founder and managing director, Mr Arthur Crump, and his wife, Anne, the marketing director.

Spectronics, which when Mr Farid stepped in had debts of £47,000, claims to be the world's first producer of a portable television weighing 15lb which transmits messages between any two telephones at a speed three times that of a conventional telex.

The man from Abu Dhabi now owns 76 per cent of Spectronics and his confidence in the company is limitless. "There is no reason why it should not grow to equal or even outstrip the electronics giants like Philips or Siemens," he says.

Mr Farid's progress as an entrepreneur has also enticed a London firm which has for several years been producing a superior substitute for cement. But Mr Farid is untypical of the traditional UAE businessman. He is, for a start, a Yemeni, though many nationalists in Abu Dhabi because of tribal connections between the ruling family and the two Yemens.

Money in the  
safe,  
not the bank

More typical would be the suit businessman with his money in the safe rather than the bank, a future looked at in terms of real estate profits at home and little faith in paper investment.

The conservatism of the Dubai merchant community is a byword. Most of the locally-owned Dubai banks have opted for concentration on safe-style banking, with letters of credit and construction finance. It has been left to Abu Dhabi to open banks in Europe and other Arab countries.

It is difficult to judge the extent to which private UAE investment follows the pattern taken by the purses of the rulers and that of the few institutional investors, all based in Abu Dhabi.

The Abu Dhabi ruling family has become conspicuous of late. The ruler's

second oldest son, Shaikh Sultan bin Zayed, is reportedly one of four Arab investors concerned in the sale of shares in a Washington bank holding group, a financial group, even the Wall Street Journal identified Shaikh Sultan as Crown Prince of Abu Dhabi, a title held by his elder brother Shaikh Khalifa bin Zayed.

The sale of shares, only enough to involve the Bank of Credit and Commerce International (BCCI) in which the ruler of Abu Dhabi, Shaikh Zayed, took 10,000 of the original 50,000 shares, BCCI, which has its regional office for the Middle East in Abu Dhabi, is a link with another of the Abu Dhabi ruling family's interests—Pakistan.

BCCI draws its management largely from Pakistani banks (at Shaikh Zayed's wish, so it is said). Abu Dhabi involvement in Pakistan was more visible before the present military regime took over but Shaikh Zayed enjoys hunting there and owns several palaces. The Abu Dhabi National Oil Company (ADNOC) has established two joint-venture projects with Pakistan, for a refinery and a fertilizer plant, and the ties of friendship between the two countries are strong. Pakistan provides pilots for the federal defence forces, Mirages and also the best squash players in the UAE.

The Abu Dhabi Investment Authority, which has taken over from the former Abu Dhabi Investment Board, is the institution which manages the investment of surplus oil revenues, apart from what goes into the privy purse. In practice the change has meant little. The authority is advised by several foreign banks.

Its investment portfolios are distributed among equities, mainly Wall Street bonds (mostly double and triple A corporate issues), real estate and property. The largest property holding is the 26m stake in the Commercial Union building in London but the property portfolio is slender.

The investment authority has created a merchant banking arm called the Abu Dhabi Investment Company, in which the National Bank of Abu Dhabi has a stake, and is acting for both the authority and the ruler's office. The company has been active since starting in May last year.

An insight into investment policy came recently from a former member of the investment board, Mr John Morrell, who is a director of Robert Fleming Holdings. "In spite of press reports to the contrary, official Arab investment authorities are extremely conservative, in

their outlook." "This expresses a preference for cash bank bonds with a yield, and from the filtration with a high rate of return, as they do on a demand."

The task of advising Mr Fleming has been that of persuading the Arab investment authorities to serve them with long term, he poor

Reputation  
failing  
to deliver

The disclosures in the United Kingdom which resulted in the Companies Act 1976 surprises as regards the scale of the investment. The Guardian Royal Exchange House, Messrs, Legal & General, the Bank of Scotland, the United Kingdom long been the de facto Arab investors and no evidence to suggest that has been purchased by UAE institutions in any form during the past 12 months. The corporate sector reputation for its delivery the goods, which has been a long time in the making, is not much evidence of Abu money going east, because the culture too great.

Recent reports that UAE business legislation more than take up the 51 per cent rule by a local man in a joint venture, in force for son though even in Al many exceptions. One of the motives that legislation is the local entrepreneur a more active role in business.

But in the UAE where there are which money will be as Mr Morrell c Fleming was told by the Abu Dhabi family. "We want the whole of the investment from the Upper Z field offshore in the River Th.

The author is on the Middle East Digest.

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The emirates have proved a unifying force in Middle East oil councils in the crisis precipitated by the present world slump. Roger Vielvoye, Energy Correspondent of "The Times", looks at their relations with the other oil producers and at the National Oil Company and foreign interests

## Moderate influence used to head off crisis in Opec camp

The rich and powerful Organization of Petroleum Exporting Countries (Opec) is going through one of the most difficult periods in its eventful 21-year history. Its ability to manipulate world oil prices has been restrained temporarily by a prolonged slump in demand for crude combined with the advent of new sources of oil from non-member states, mainly the North Sea and Alaska.

At the same time the value of the dollar, the currency in which world oil prices are calculated, has declined, bringing financial problems to many of the 13 member states, particularly those with ambitious industrialization plans.

Throughout the official and private discussions that have taken place over the past few months to various attempts to prevent these difficulties shattering the brittle unity of the organization, the UAE has remained firmly in the moderate camp that favours holding prices steady, taking a considered view of the dollar's problems, and waiting until the world market for oil picks up and restores Opec to its previous position.

At all these meetings, the UAE is represented by Dr. Maneh Said al Oteiba from Abu Dhabi. At most of the regular Opec conferences since the 1973-74 supply crisis and embargo on exports to the United States and The Netherlands, Abu Dhabi has lined up behind Saudi Arabia in promoting the view that drastic oil price increases that damage the economies of the Western industrial countries ultimately rebound on developing nations trying to establish their own industries.

On a number of occasions, Dr. Oteiba has, in advance of important policy-making meetings, held informal talks with Shaikh Ahmed Zaki Yamani, the Saudi oil minister, to discuss the best

strategy for persuading other Opec ministers to adopt similar views. Most notable of these meetings took place before the Christmas ministerial conference in 1976 which resulted in Saudi Arabia and the UAE splitting with the remaining 11 members over prices.

While the majority put up their 1977 prices by 10 per cent, the two Gulf states made smaller—5 per cent—increases that triggered a complex two-tiered pricing system for oil that took almost six months of behind-the-scenes bargaining to abolish.

Throughout 1977 the hard reality of the world oil glut has brought other members of the organization into the moderate camp. Slowly there has been a realization that continually raising prices when demand for oil is increasing very slowly can only depress sales even further. At the 1977 price-fixing meeting in Caracas in December the UAE found that it had more than just Saudi Arabia as an ally.

But even with the powerful voices of Iran and Kuwait speaking in favour of holding down prices, the conference was unable to reach a unanimous decision. In the absence of any agreement, prices remained unchanged, giving the UAE what it wanted although not in a particularly desirable way.

One of the topics on the Caracas agenda was the decline in the value of the dollar and its effect on members' oil revenues. The UAE supported a call for Opec's economic experts to devise new contingency plans for dealing with the dollar crisis. Although no schedule was made for producing this plan, it was generally assumed that it would be presented to the next ministerial meeting of the organization in June.

Since then, the further troubles of the United States currency have persuaded the

countries hardest hit by the declining dollar value that they cannot wait until the June meeting to discuss the problems.

A number of solutions have been put forward pending the recommendations of the Economic Commission. These range from making a straightforward price increase—opposed by the UAE—to the reintroduction of a pricing system based on a basket of currencies, similar to that operated by Opec for a few months in 1973.

An informal meeting of ministers was scheduled for April 3-4 in Geneva to discuss these suggestions, including the UAE's idea for a refined version of the basket of currencies system. But at the request of the Saudis the meeting was postponed for a month and will not probably take place in Riyadh, the Saudi Arabian capital.

The UAE has also been active in Opec circles in the promotion of production programming. Producing a fair way of reducing oil output throughout the organization to bring supply into line with demand has always been one of the long term, but unfulfilled objectives for dealing with the cyclical glut of crude that put pressure on the pricing system.

Abu Dhabi, which does not have the financial worries of some members, has made its own attempt at production programming by a 15 per cent reduction in the maximum amount of oil that can be lifted from its on and offshore fields this year. With the glut lasting much longer than anyone in the organization would have dared to forecast, there is now growing interest in the idea. But as long as Saudi Arabia is prepared to allow its output to bob up and down in line with world demand there is little incentive for other countries to make any serious sacrifices.

Although Dr. Oteiba speaks at Opec meetings on behalf of all the Emirates, the stance he takes is not always greeted with unanimous

approval at home. When UAE joined Saudi Arabia in the two-tiered pricing split, there was no public criticism from Dubai; but it was

noticeable that prices for Dubai crude went up by nearly 10 per cent in line with the majority of Opec members.

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Sayed Maneh Said al Oteiba, Minister for Petroleum and Mineral Resources, with two of his nine children.

## Growing concern about oil under-exploitation

To an oilman, the signs of the glut in the world oil market are plain to see. At every stage of the industry's chain from production to transportation, refining and marketing, the complex machinery established by the international oil companies is working well below capacity.

Parts of some oilfields are shut down; surplus tankers are being mothballed and those still in commission steam slowly to save fuel; refineries are running at only 60 to 70 per cent of capacity and in the market place demand is sluggish and competition cut-throat.

Amid all this gloom, a decision by one of the leading members of the Organization of Petroleum Exporting Countries (Opec) to reduce the ceiling on its production and make a small but welcome dent in the world crude oversupply should have been greeted with enthusiasm. But when the Abu Dhabi Government stated last November that there would be a 15 per cent cut in the allowable production for 1978, the announcement was received in stunned silence by the international oil companies that still operate the country's oilfields both on and off shore.

Throughout the months preceding the November announcement the oil companies' negotiations on the production ceiling had centred on an increase in oil output to give the new gas processing plant on Das Island additional gas supplies produced in association with oil mainly from the Umm Shaif field.

Instead, the Government fixed the ceiling at 1,350,000 barrels a day, a 15 per cent drop on the 1,575,000 barrels a day for 1977. The Abu Dhabi Government is clearly worried about the future of some of its fields, particularly Umm Shaif, and sees lower production from the late 1970s as an assurance of extended operation of the fields towards the end of the century.

Measures like the sudden cut in the production ceiling also reflect the uncertainties felt within the Abu Dhabi National Oil Co (ADNOC) about the lack of serious new exploration both onshore and offshore. If there was greater knowledge about the size of the ultimately recoverable reserves then there would be no need for restrictions, the state company argues.

On a number of occasions Dr. Maneh Said al Oteiba, the Abu Dhabi oil minister, has hinted to the companies that control the two major concessions bidders—Abu Dhabi Marine Areas and Abu Dhabi Petroleum Co—that unless the rate of exploration is stepped up considerably, they might find that all undeveloped parts of their concessions will revert to the Government.

Abu Dhabi is the only major producer in the Gulf that has not taken complete control of its national oil industry or announced its intention to do so. The Government stake in the two

operating companies rests at 60 per cent and there are no immediate plans to acquire the remaining 40 per cent from the companies. But as the companies have pointed out to their majority state industry partners in a time of economic depression and small annual increases in demand for oil, it is difficult to make a case for spending money to find more oil to add to the surplus.

Not unaturally this contention is not well received by the Abu Dhabi Government and has led to other companies being brought in from outside the two main consortia to develop reservoirs that, on the international companies' calculations, do not warrant immediate exploitation.

One of the prime examples of the reluctance of large companies to exploit new fields on what they claim are unfavourable terms from the Government is the development of the Upper Zakum field. It was discovered offshore by ADMA and part of the reservoir has been put into production. Output is running at 50,000 barrels a day and is piped to Das Island where it is mixed with crude from the Lower Zakum field near by.

But ADNOC wanted to spend £2,000m to £3,000m on expanding the output of the field to 300,000 barrels a day by 1982 and 500,000 barrels a day by 1984. The ambitious development schedule required the construction of a new tanker terminal at Zaid Island about 40 miles east of the field.

The ADMA group, led by British Petroleum and including Compagnie Francaise des Petroles, declined to join in the development plans. However, CFP agreed to oversee the project as a contractor without an equity interest and at the last minute the Japan Oil Development Co (Jodco) and one of the equity partners in ADMA decided to exercise its right of a 12 per cent stake in the field.

Jodco bought part of BP's stake in the ADMA consortium just before the Government began its moves to gain state participation, and has again gone outside the grouping to make an equity investment with the state oil company in the Umm Shaif field.

Onshore the oil company partners in the ADPC also declined to take part in the state company's \$1,200m plan to gather surplus gas liquids from the onshore fields and export it as three million tons of liquid petroleum gases and two million tons of gas condensate. Again the dispute was over terms for the development.

Since the initial dispute, three of the partners, Shell, CFP and Parlex, have agreed to take part in the project and have been given the option to increase their holding to a total of 32 per cent from the present 21 per cent stake.



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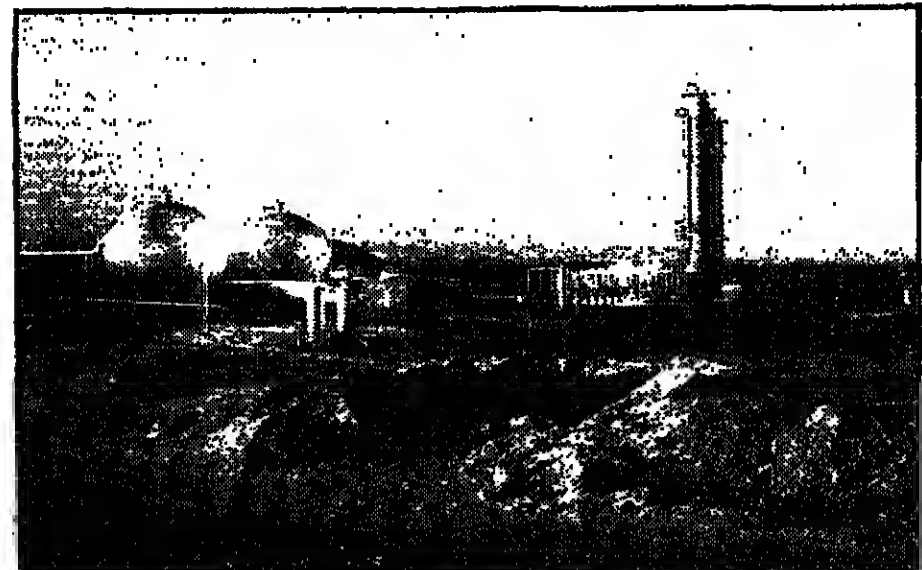
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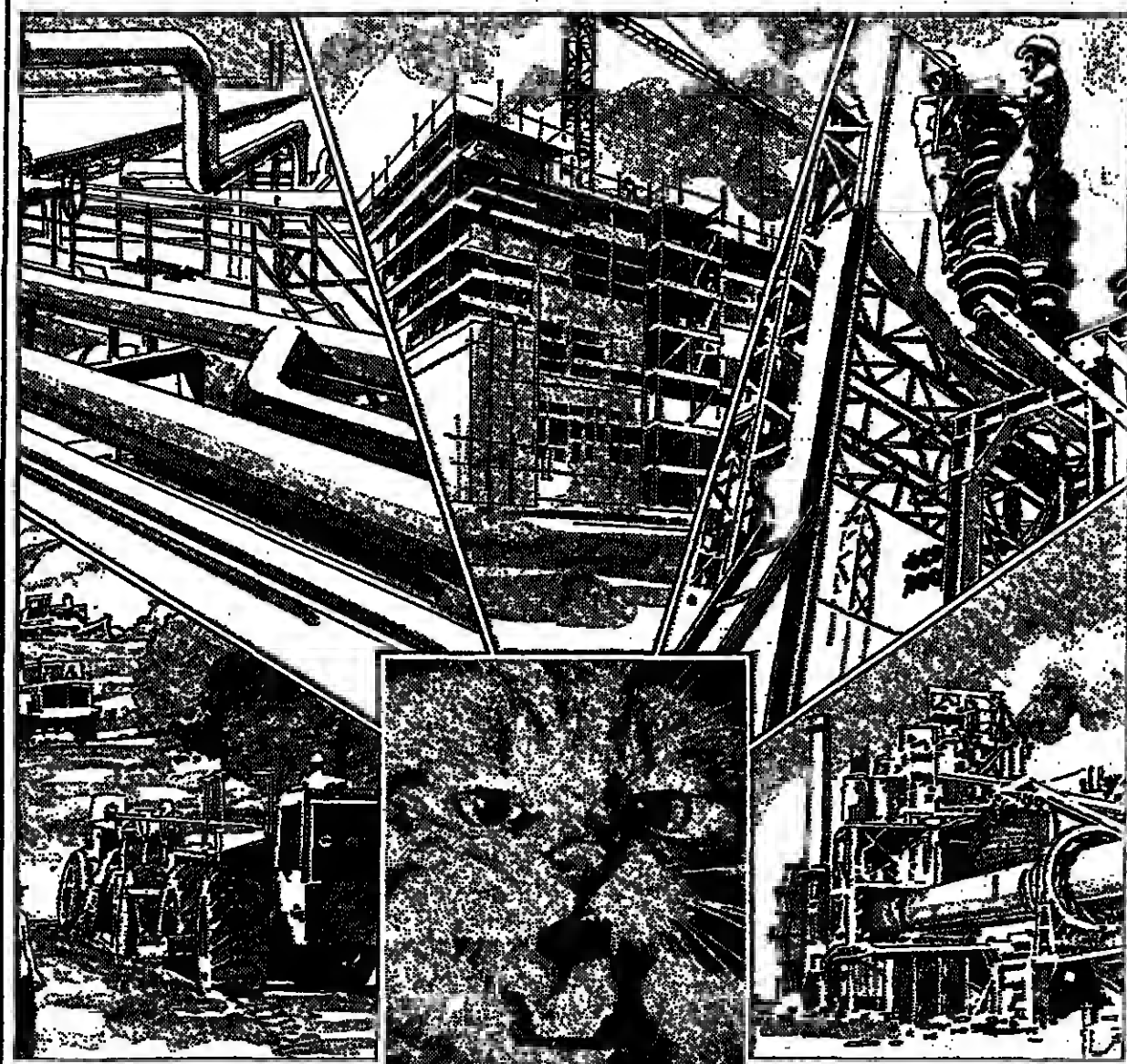
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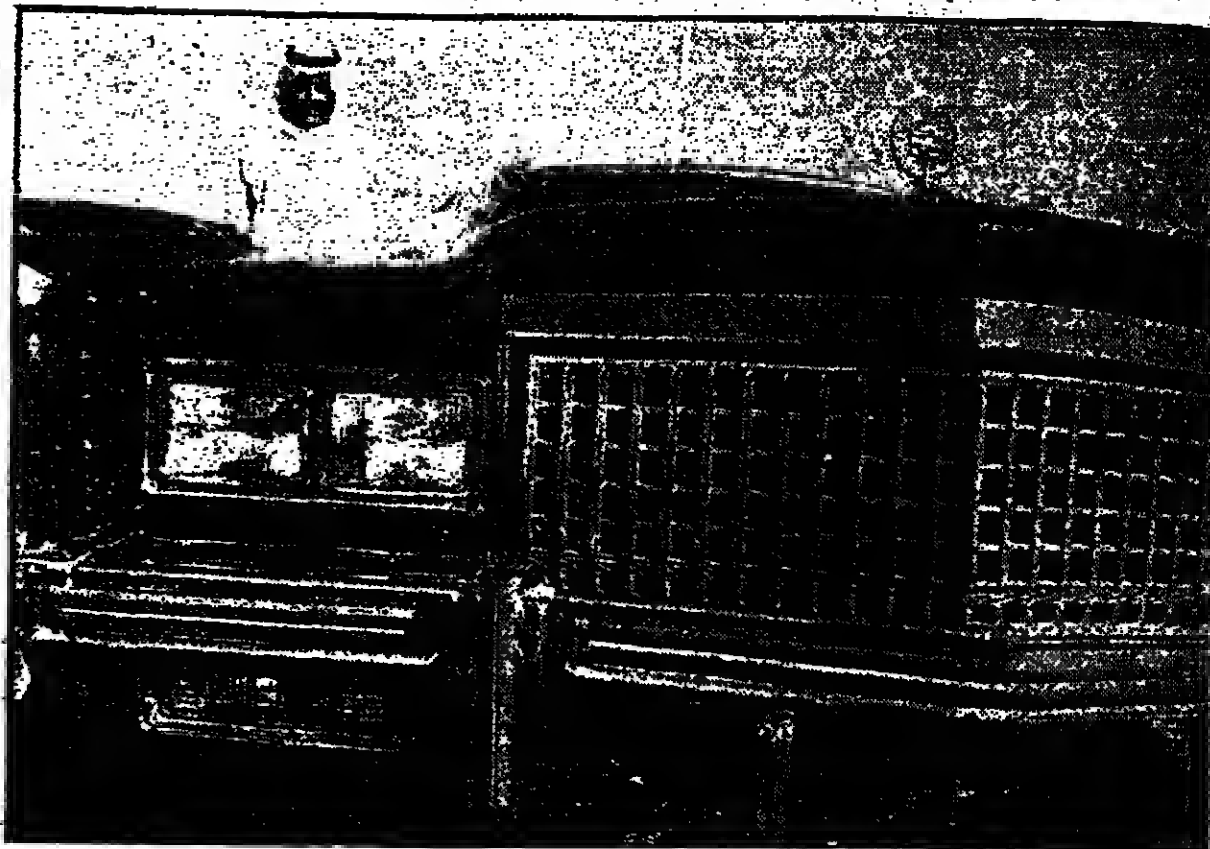
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Oil—black gold—is the key to power in the federal administration. Frank Frazer, energy correspondent of *The Scotsman*, charts progress made in the search for new sources by the less affluent emirates

## Many companies compete to drill for wealth



A drilling platform off the coast of Sharjah. Top: the glossy face of wealth. The owner appears dwarfed by his Cadillac in Umm al Qaywayn.

The prolific flow of oil from the major fields in the Abu Dhabi and Dubai territories has tended to overshadow oil company activity in the five other shajdoms within the United Arab Emirates.

So far only Sharjah, which claims jurisdiction over the sector of the Gulf east of the Dubai offshore concession area, has achieved any significant income from oil as a result of the development of the Mubarak field which was discovered in 1972.

Production levels of up to 70,000 barrels a day have been reported from the discovery which was put on stream in 1974. More recently output had declined to 20,000 barrels a day but the emirate is hoping for an added boost to income as a result of drilling taking place in its sector of the Gulf of Oman. There Reserve Oil and Gas has a licence at an offshore concession west of the Hajar mountains where Pinnacle Petroleum, of Houston is operating.

The Mubarak field is a limestone reservoir in geological zones of the Upper and Middle Cretaceous age which lies off Abu Musa Island. Rights over the field are the subject of a long-standing dispute with Iran which occupied the territory on the eve of the UAE's formation.

Butter Gas and Oil—the operating partner for a consortium which includes Ashland, Shelby, Ken McGee, Cities Services and Juniper Petroleum—has made arrangements to pay production bonuses to Iran in addition to those payable to Sharjah. The neighbouring emirate of Umm al Qaywayn also claims a share of the field.

Indeed, the companies' rights to produce oil from the Mubarak discovery has been challenged in a series of actions filed in United States courts by Occidental Petroleum which claims that the area was originally awarded to it by Umm al Qaywayn.

Umm al Qaywayn has been the scene of other exploration activity during the past two years. Onshore drilling has been carried out by Houston Oil and Minerals which has concessions on the mainland and on the island of Falaj al-Moalla, which is an emirate dependency.

In the offshore sector a group led by Zapata has reported oil and gas flows from a location some 20 miles from the Umm al Qaywayn shore. On test a wildcat well drilled in 1976 produced 15 million cu ft of gas and 130 barrels of oil a day from one geological zone and a further 25 million cu ft of gas and 345 barrels a day of oil from a lower level. The well reached a total depth of 16,200 ft and further drilling will be needed to assess the commercial potential of the find.

### Promising new areas of activity

One of the more promising areas of future activity is likely to be Ras al Khaymah which achieved a small but regular oil flow of some 6,000 barrels a day last year from a discovery made some 23 miles offshore. The field also has an exploitable associated gas content that has been tested at 17 million cu ft a day and a study is being undertaken on production facilities which would enable a greater flow of oil and gas to be achieved.

The find was originally made by the Dutch company, Vinol Exploration, but last year direction of operations for the field was taken over by Deutsche Schachtbau. Another oil find has been made farther offshore 15 miles from the Mubarak field. This is thought to form part of the same structure as the discovery made by EM Aquitaine at Henjam on the Iran-Oman offshore boundary.

Ras al Khaymah, which at present depends almost exclusively on agriculture, is keen to achieve a regular income from oil exports as a means of modernizing its farming industry.

To ensure state involvement in the oil activity, the emirate has set up its own oil company to participate in projects being undertaken by the foreign operators which have been given concessions.

At present a multinational array of companies hold permits to undertake exploration in Ras al Khaymah territory. They include Deminor, the West German government-supported consortium, and Weeks Natural Resources, a United States company. Others involved in the search for oil and gas in the emirates are Canadian Superior, Clowery Oil, Asmara Oil, United Refining, Keweenaw and Sanlita International.

Al Fujayrah is another of

the emirates where there has been recent interest in oil and gas prospects. A consortium headed by Reserve Oil and Gas has used a drill ship to assess an area some 12 miles offshore in the Gulf of Oman where water depths are about 300 ft.

For all of the smaller emirates, the possibilities of derived from commercial UAE partners, which in the past has provided about 10 per cent of the federal income. The income can give an emirate a measure of independence in devising a development programme in state of affairs that is not as dependent on being totally dependent on the revenues from continuing indefinitely.

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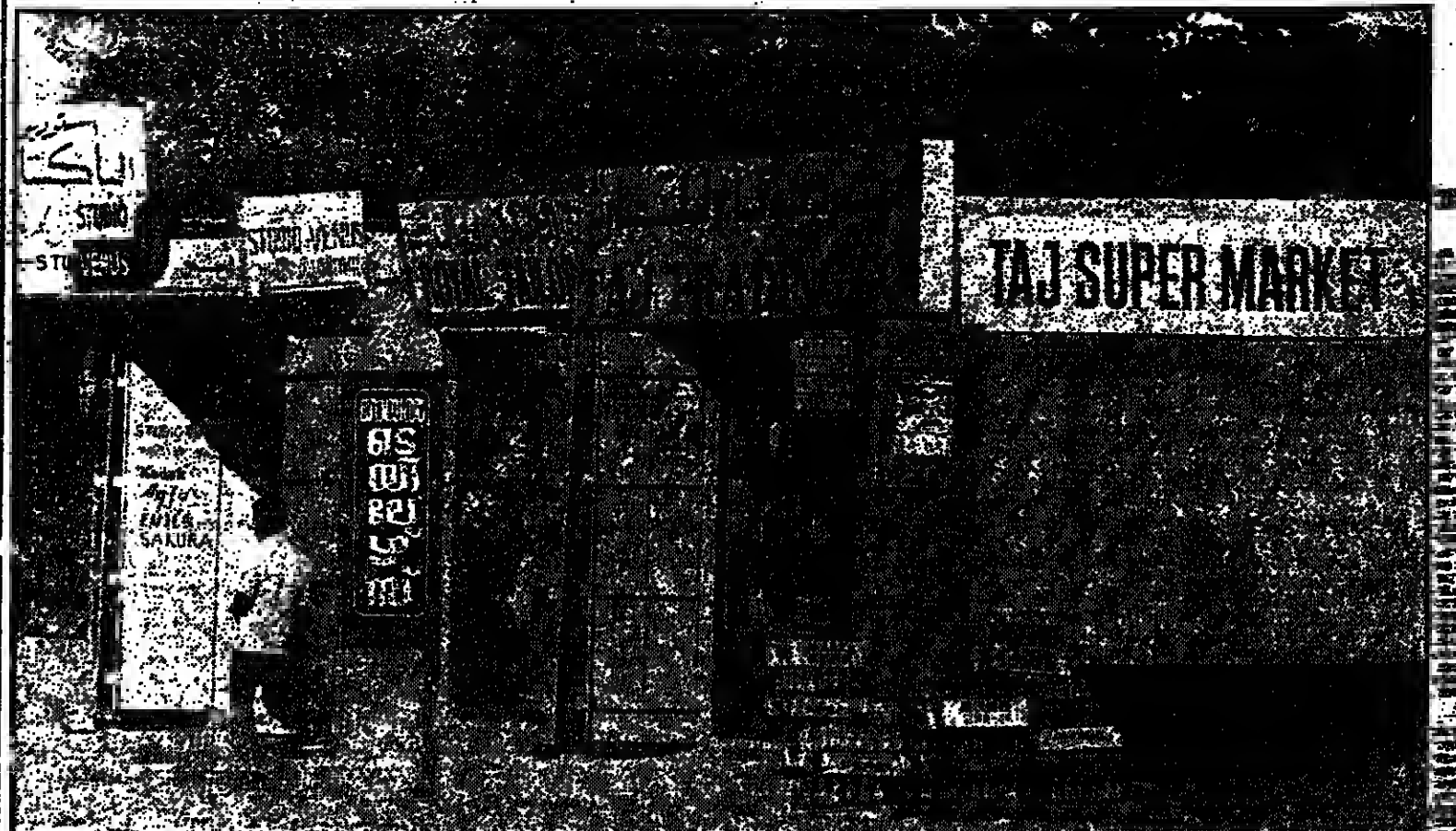
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Immigrants make up the large majority of the emirates' population. Dr Stace Birks and Dr Clive Sinclair, who are working on a migration research survey at the Department of Economics, Durham University, discuss their contributions to economic development



Traders, mainly from the Indian sub-continent, display their wares in a street in Ajman.

## Movement of labour a firm tradition

Over the past decade the population of the United Arab Emirates has grown at the rate of 16 per cent a year. Much the greater proportion of this increase is due to the growth of the expatriate community. In 1968 it stood at about 66,000. Today the figure is approximately 300,000.

Expatriates make an overwhelming contribution to the workforce. In 1968, Mr Kevin Fendall, statistical adviser to the Government, estimated that the workforce comprised 78,000 people, 43 per cent of whom were nationals. The expatriate workforce today numbers about 350,000, most of whom are found in Abu Dhabi, Dubai and Sharjah.

The ethnic mix among expatriates who were drawn in to fill the growing number of jobs in the early 1970s was familiar. Many Omanis and Beduin who lived in south-east Arabia were attracted to the towns of Abu Dhabi and Dubai, where they worked as guards, policemen, drivers and construction workers. Most of the more qualified Arab expatriates came from traditional labour suppliers, such as the Levantine countries, Egypt and Sudan. Many Yemenis arrived in the emirates to work as labourers.

After 1973 the pace and scale of economic development transformed. Not only were Abu Dhabi's oil revenues higher but, in the interests of federal development, a higher proportion found their way into the exchequers of other emirates. Government spending and projects, therefore, expanded rapidly.

Just as the labour demands in the emirates were increasing, so were those of the other peninsula states, including Oman. Suddenly, Arab countries which, up to 1973, were exporting labour themselves experienced shortages of manpower. Thus the emirates' traditional sources of labour ran dry, and to meet the ever-growing demand of the economy for labour, the emirates turned to the Indian subcontinent.

Today even the most casual observer cannot fail to notice the concentration of Indians and Pakistanis in the expatriate community. Dubai's long-standing trading links with Asia in valuable minerals have no doubt been instrumental in encouraging the presence of so many Asians.

Ministry of Labour figures give support to this view on a more scientific basis. They suggest that Asians account for between two thirds and three quarters of the workforce. Arabs, on the other hand, account for only about a fifth of expatriate employment.

At first inspection this appears curious; in the Middle East, large-scale labour migration is now an established tradition, especially from countries such as Egypt, Jordan, Oman, North Yemen, and to a lesser extent, Sudan, Syria and Tunisia. Moreover, the federation actively encourages Arab migrant workers, preferring them to Asians, not surprisingly in view of the common linguistic and cultural background.

Close analysis of the labour markets of these countries reveals that their supply of Arab labour is much less elastic than is generally believed, and additional supplies are particularly limited. Moreover, the supply price of Arabs is generally higher than that of Asians. Since the vast majority of employment in the emirates is controlled by private entrepreneurs, this difference in cost is significant. The minimum

wage paid to an Asian labourer is about 25 dirhams a day, at which rate large numbers are prepared to come forward.

In contrast to the pattern of Arab migration to the emirates which typically occurs on an ad hoc and individual basis, the migration of labour from the East has been, and is, organized. The Asian connexion has two aspects of regularization: agents in India and Pakistan recruit and screen potential migrants, while their counterparts, labour brokers in the emirates, contract to supply quantities of labour of specific skills. The selection procedure used to screen applicants in places such as Bombay consists of medical examinations, literacy tests and on-the-spot trade tests.

The Asian connexion was remarkable for its rapidity of development and its degree of complexity. The result is that Asian labour is available, skilled to particular levels and relatively cheap, and so appeals to the entrepreneurs in the emirates.

A recent labour market development in The Gulf has stemmed from the awarding of contracts for these large projects: the advent of Far Eastern construction companies, with their work camps. This is of considerable relevance to manpower planners in the emirates.

It is increasingly common for a contract to be awarded to a Far Eastern company which agrees to provide an entire workforce of its own nationals. Typically these workers—Koreans, Malays, Thais and Filipinos—are single men, who live away from the towns in camps where they work, eat and sleep for the duration of the project. On its termination, they return home.

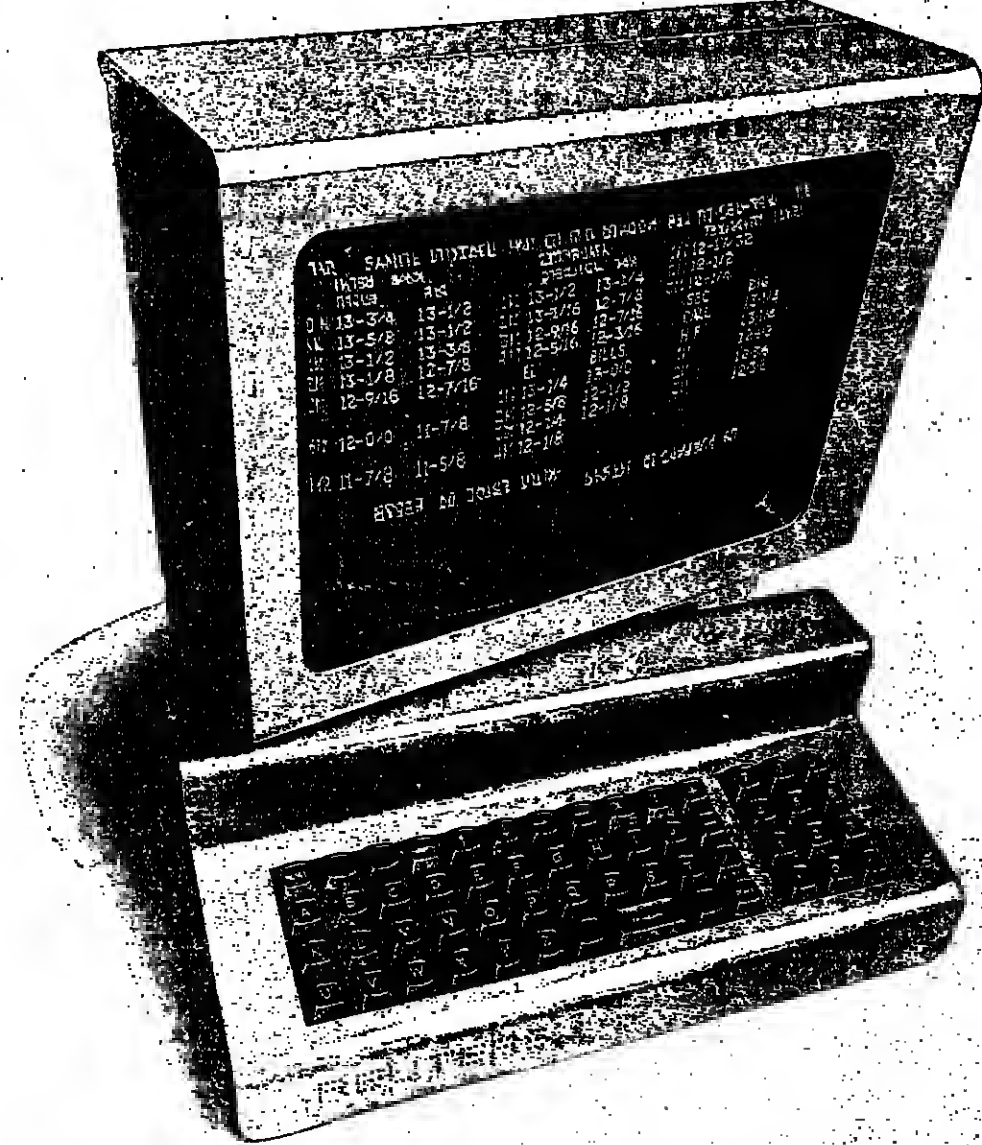
To governments of countries with small populations but immense wealth, con-

cerned to retain a distinct national identity, to preserve the traditional values and way of life, and yet, at the same time, to develop their countries, the "work camps" approach of the oriental companies has many advantages.

The best-known example in The Gulf, the Bahrain dry-dock, was executed by Koreans. This, Filipino and other Far Eastern nationalities are also working in The Gulf on this basis. It may be that, by employing Orientals' services and approach to large-scale projects, the UAE could resolve objectives which until the present have appeared in conflict: economic and industrial development concurrent with the preservation of a distinctive culture and identity.

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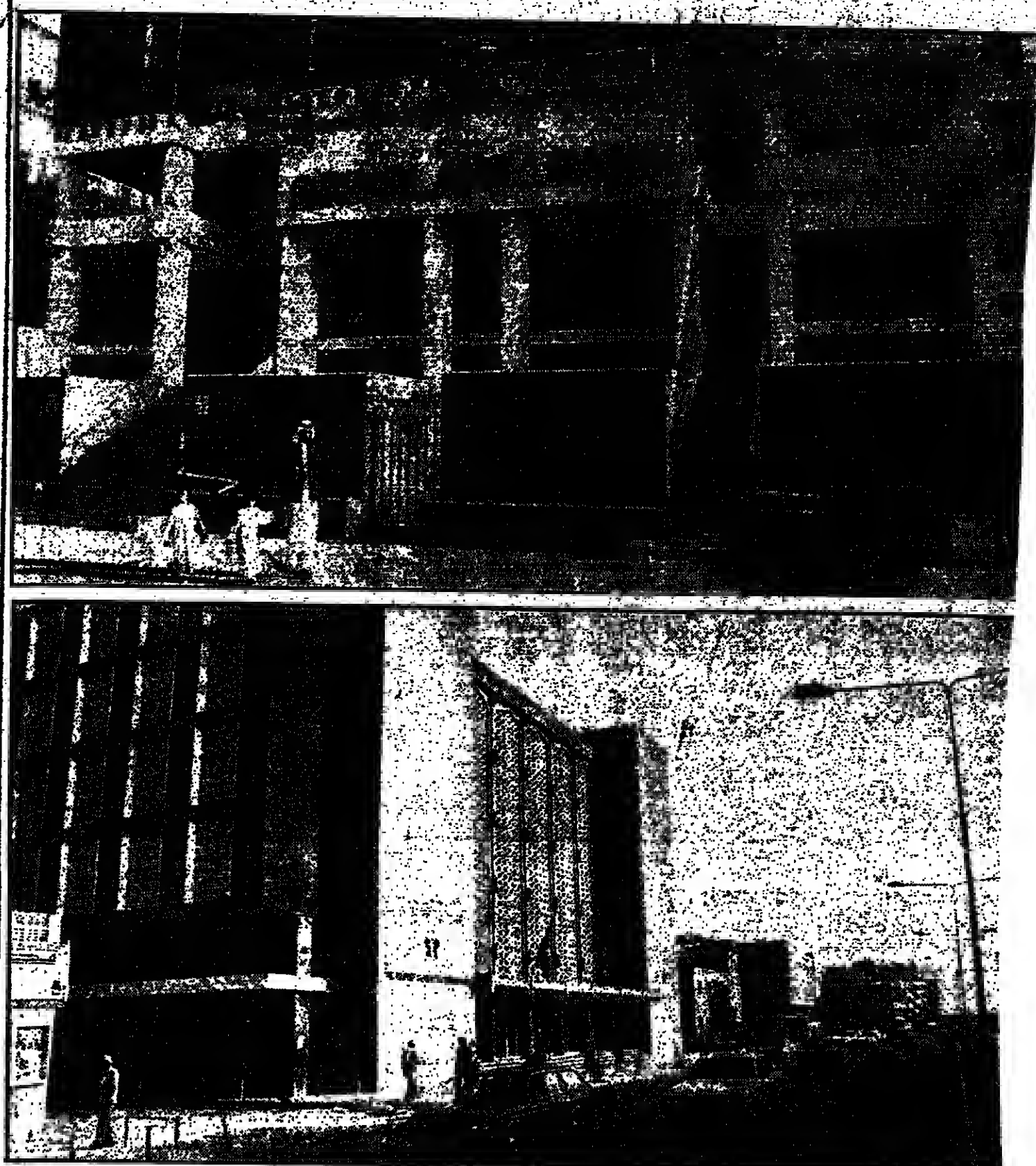
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John Whelan picks his way through the maze of commercial banks



The British Bank of the Middle East, Dubai (top); Grindlays in Abu Dhabi; and, below, the National Bank of Abu Dhabi, three of the country's main financial institutions. The proliferation of banks has led to moves to establish a strong central bank.

## Competition intense in an overbanked small community

Just how many banks there are in the United Arab Emirates is a difficult question to answer. In October the National Bank of Ras al Khaymah became the fifty-fifth bank to get a full banking licence in the UAE despite the existence of an official moratorium on the formation of new banks.

Besides the full commercial banks, only a few of which have yet to open, there are 11 licensed restricted licence banks (RLBs), a response to the offshore banking enclave in Bahrain, and 10 licensed representative offices.

In theory that makes the UAE, with a population of 862,000 on December 31, 1977 according to an estimate by the UAE statistics centre, the most overbanked community in the world. In practice the assets of the commercial banks are concentrated in the hands of the bigger banks.

The four biggest banks in mid-1977 had assets of more than 2,000m dirhams (£266m) each and together accounted for 52 per cent of the total. A similar sharp distinction existed on the deposit side where five out of the banks received 66.7 per cent of all deposits while 25 banks got only 4.8 per cent.

The predicament of the smaller banks, some of which have low capitalization, has forced them to rely heavily on the inter-bank market, somewhat erratically managed by the UAE Currency Board until recently. Many ended up borrowing short and lending long, becoming heavily overdrawn with the board. In May last year two banks, Ajman Arab and Janata Bank of Bangladesh, closed their doors and Ajman Arab is yet to reappear. The ensuing rumours about the soundness of the banking system in general have caused bearishness in many essentially well-managed banks.

The management aspect of some of the locally incorporated banks is a touchy subject. Some managers have gone all out to build up a strong deposit base for their banks. What causes bewilderment outside Abu Dhabi and Dubai, where such things appear normal, is the lack of balance sheet and minimum reserve requirements or any real attempt to enforce ratios. One Dubai bank, which has foreign shareholders, has failed to produce a balance sheet for more than two years because of heavy real estate losses.

tributed much towards diversification at home. Other investment companies, such as the Sharjah Group, have to date concentrated their work outside the UAE. The aim of licensing these companies was to mobilize domestic funds and channel them into productive investment. As yet there is little sign of the companies issuing bonds and debentures to foster the growth of a secondary market in the UAE.

In view of the short-term nature of placements it is hard to see this transition coming about. By mid-1977 only 2 per cent of time deposits—which includes saving and time deposits of residents in local and foreign currency—demand deposits of residents in foreign currency and commercial prepayments—were for more than one year, with 70 per cent placed for a period of less than six months.

The Currency Board has been meeting this situation by acting as a source of long-term finance providing "refinancing facilities" to the commercial banks.

It is easy to see why the UAE has attracted many banks. With neighbouring countries enforcing a stricter moratorium, the need for a presence in the Gulf has encouraged banks late on the scene to try the UAE; the oil revenues of Abu Dhabi in particular have acted as a magnet. Some banks originally entered the UAE because of their involvement with particular schemes. The atmosphere of intense competition has inevitably given rise to greater advancement though many of the locally incorporated banks remain firmly wedded to suk banking.

The growth of banking has also been encouraged by the lack of a national economy in the UAE. The seven emirates retain a large measure of autonomy over the commercial sector. Different regulations on taxation of bank profits exist in Abu Dhabi, Dubai and Sharjah.

Traditionally the grant of a banking licence provided considerable income to a ruler—far better than royalties from postage stamps. Last year Sheikh Rashid, the Ruler of Dubai, broke the Currency Board moratorium on new banks to license two Dubai-owned banks—Emirates National Bank and the United Bank of the Middle East. In each case the bank was owned by a powerful Dubai merchant family. In 1976 he broke the moratorium to let in Lloyds Bank International, of the United Kingdom.

In October it was the turn of Sheikh Saqr, the Ruler of Ras al Khaymah. The National Bank of Ras al

Khaymah, which is 10 per cent owned by Hill Samuel of the United Kingdom, was scheduled to open on March 29 incorporated by decree of the Ruler and with a licence from the Currency Board. The argument for the bank was easily understood. Sheikh Saqr felt there was a case for a national bank since Abu Dhabi, Dubai and Sharjah already had them.

The essentially introspective nature of the UAE banks is illustrated by the difficulties experienced by even reputable borrowers in raising project finance in the UAE. There has been a procession of borrowers seeking finance in the European markets. A typical exercise was the case with which the Abu Dhabi-based Abdel Jalil al Fahmi group raised \$17m for a 280-room Holiday Inn in Abu Dhabi.



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مكتبة الامارات





Mr Muhammad Mahdi al-Tajir, the UAE Ambassador to London, is the most legendary of the country's expatriate advisers.

## Expatriate voice in a shaikh's ear

by John Whelan

The cliché of the expatriate adviser at the shaikh's elbow, wearing a suit in the blazing sun and masked in reflecting dark glasses, is still true, despite the advance of qualified nationals in many walks of government.

The UAE has witnessed the appointment of several technicians in the Council of Ministers (cabinet) since independence, notably the Minister of State for Foreign Affairs, Saif bin Ghobash, who was assassinated in October by a gunman who had taken aim at the visiting Syrian Deputy Prime Minister, Mr Abdul Halim Khaddam.

In a country which can produce only about 30 university graduates a year from its 862,000 population, fewer than 30 per cent of whom are native-born, the expatriate adviser, or expert, is often the decision maker.

Shaikh Sultan bin Muhammad al-Qasbi, the Ruler of Sharjah, the only university graduate among the seven rulers in the UAE, until recently retained the services of an American expatriate adviser, Dr Bari Paff. His role loosely defined was to act as go-between for foreign businessmen wishing to establish a business in Sharjah.

Sharjah, which among the emirates is particularly anxious to attract foreign investment, has followed a policy aimed at cutting out the local middleman. Last year Dr Paff told a business conference in London: "You do not go through intermediaries in Sharjah. Anyone who wants to approach the Government can approach me directly."

Dr Paff left the Ruler's staff after a cost-cutting exercise, but he was perhaps alone in being the most visible of the Western expatriate advisers close to a ruler.

The most legendary of the advisers is undoubtedly the present UAE ambassador to London, Mr Muhammad Mahdi al-Tajir, owner of Merevorth Castle, Kent and honorary citizen of the state of Texas. Mr al-Tajir still heads the Ruler of Dubai's office and advises on petroleum affairs. He was born in Bahrain and joined the Ruler's staff as a customs official. He made his first fortune through trading legally in gold.

When oil was discovered Mr al-Tajir helped the Ruler to negotiate with the oil companies and later advised other shaikhs on investment. He answers the question of his wealth diffidently: "I believe that any person in the world who has enough to live a decent life is the richest man in the world."

Mr al-Tajir is one of many Gulf nationals who are advising the shaikhs but men like him and to a lesser extent Dr Paff are unusual. Most of the expatriate experts are invisible and work behind the scenes.

Umm al-Qaywayn is a small shaikhdom on the road between Ras al-Khaimah and Dubai. The Municipality building is also the Ruler's office and temporary headquarters of the Umm al-Qaywayn Chamber of Commerce.

The chief engineer and town planner Mr Alan Moss, is not an adviser in the Paff sense, but he helps the ruling family in its dealings with visiting Western businessmen as part of his job. Among the tips he passes on are: "Don't forget to do the courtesies with his Highness", adding confidentially: "You'd be surprised how many lose out by just admitting to be polite."

The northern emirates, particularly Ras al-Khaimah, are heavily dependent on expatriate advisers in developing their communications and services. This is less so in Abu Dhabi, where there is more evidence of Arabisation. Few British officers are left in the federal defence forces, for example, though some have been retained by the Ruler, Shaikh Zayed bin Sultan al-Nahyan, to officer the royal guard because they are trusted.

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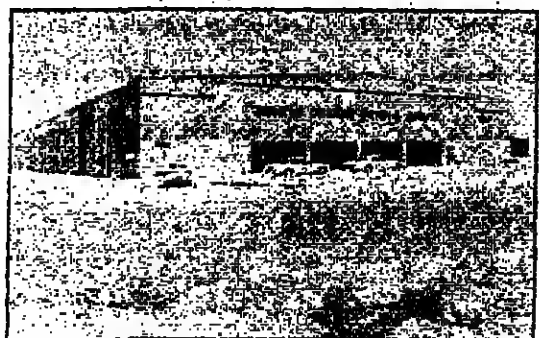
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Fujairah, poorest and most remote member of the federation, is nevertheless in some ways the most glamorous. Almost its only natural resources are its beauty and fishing. Above: fishermen draw in their nets. Top left: a dance to welcome President Zayed on a visit to the Ruler's court. Top right: an old fort. A group of old houses are to be restored. Centre: the Hilton Hotel, opened last month.

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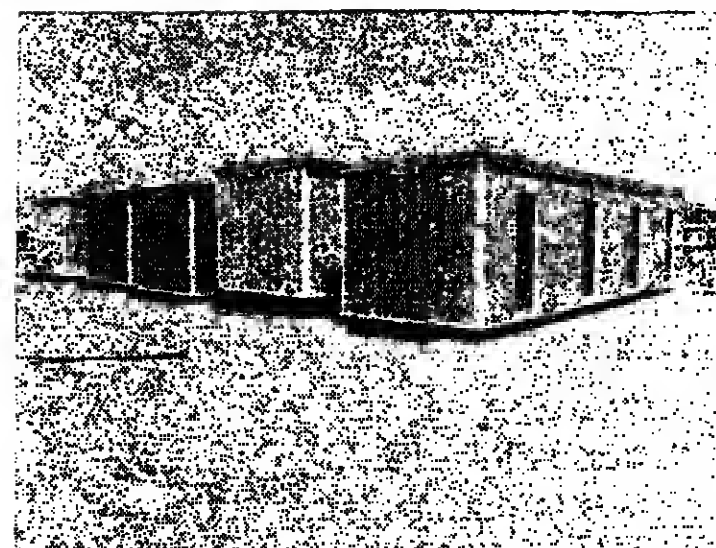


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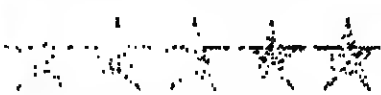

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Dubai remains one of The Gulf's primary trading centres but the city's growth has led to opportunities for younger generations beyond those that were open to their forefathers. Tim Edgar talks to some of the most successful of the new breed

## Quest for perfect English was his driving force

Easa Saleh al-Gurg laughs when he recalls how he was earning just £2 a month as a clerk in Dubai's first post office in 1939.

He is now an adviser to the British Bank of the Middle East; a director of Wardley Middle East; a director of the Dubai Electricity Company; his string of agencies include Grundig, British American Tobacco, Siemens, United Technology, Weir Westgarth and a host of furniture companies; and he has joint ventures with GKN, Fosco Miosop and Arabian Explosives. Altogether a rich and successful Dubai businessman.

Easa al-Gurg comes from a successful family but, nevertheless, his fortune has been self made. His father, a pearl merchant of some standing, brought him up in the orthodox Muslim tradition, sending him to a local Koranic school and even spending hours with him in the evenings teaching him to read and write from the Koran.

It was Dubai's first doctor, however, who began to change his life. The doctor was bored with having nothing to do and so he had opened a school.

"My mother wanted me to go there and learn English. She was a more

worldly woman, but my father, who was a simple and learned man, was very much against it. My mother won and I went."

Easa, who was just 12 years old, was thrilled and quickly became fascinated by the English language. While his friends were playing with old kerosene cans they had turned into rafts on the creek, Easa would be spending every spare moment he had at the doctor's clinic working as a dispenser just so that he could practice some of the words he had learnt.

"When the British put in the first post office it seemed only natural that I should go and work there. My father became even more angry saying that it was not a job for an Arab—but I still went and did it."

By the time a visiting inspector spotted him and asked him to go and join the post office in Bahrain where his talents could be put to better use, he was running the Dubai Post Office almost single handed.

Easa had been in Bahrain three years, regularly attending night school to improve his English, when he was offered a job with the Imperial Bank of Iran (later to become the BIME).

They trained him for six months before sending him back to Dubai where he became the first Arab to be appointed an A grade officer, giving him the same powers as a British officer.

"Through my family connections I arranged for the first branch of the bank to open in Abu Dhabi", he said.

"By that time it was then the British Bank of the Middle East and they sent me to England to learn even more English."

Indeed, his English is now impeccable and he has English expressions down to a fine art. He is equally proud of the fact that he was the first local translator for Dubai's ruler, Sheikh Rashid bin Said al-Maktum, carrying out translations on two occasions for the Queen in London and once at 10 Downing Street with Mr Harold Macmillan.

"It was strange, I never thought of going into business on my own—and goodness knows, I had enough chances but every time I was approached to take on an agency or something I gave the opportunity away to a friend. I was far more interested in being on committees and getting involved in local affairs."

One such post he held was as Director of Development on the Trucial States Development Council.

"Finally I came to my senses when I saw my colleagues becoming very rich. That was when I thought about getting into business myself." Easa al-Gurg's first agency was Grundig, followed quickly by British American Tobacco and from there it just grew.

## How to make the big time in six years

One almost has to wade through the deep, thick-pile white carpets to reach a desk at the other end of the room—a private office rich in its mahogany and black leather chairs and which has panoramic views over Dubai's creek.

It is hard to believe that just over six years ago Abdullah Al Moosa was having great difficulty in scraping together his £1,000 worth of savings to launch what started out as a one-man structural engineering company, Areco.

Today, Areco is not just one of the most successful architectural and engineering consultancies in The Gulf but it is also one of the fastest growing.

Abdulla juggles with a bank of telephones which clutter his grandiose desk. On one line is Areco in Houston. On another is Areco in London and on others are, perhaps, his six other offices around The Gulf.

At the same time, messages may be coming in from an Areco project in Mexico or from a man following up an inquiry in the Far East.

The smile on his face is understandable since this year alone the company which he still heads single handed, will be handling projects worth in excess of £275m.

It all began in December

1971 shortly after Abdulla, at the age of 27, had returned from Arizona State University in the United States with a bachelor of science degree in engineering. He was hoping to start some sort of small company before returning to the United States to take a master's degree.

He was one of the first of a small group of Dubai nationals ever to graduate locally to go on to university abroad.

With £1,000 worth of savings from his university allowance he was limited in what he could do so he decided that a structural engineering company would be the cheapest to launch.

Employing just one Indian engineer he wooed the contract for a six-classroom extension to a local school. Unable to afford any more full-time staff he had to rely on part-time draughtsmen who would be working for other companies during the daytime and for Abdulla at night.

Finally came his break. A competition for the new Shaikh Hamdan building in Dubai had come up almost two months previously.

"There was only 10 days before the close of the competition and two other big consultancies were already in the running", Abdulla said.

"Shaikh Hamdan said it was not worth me trying because I had no staff but I did have 10,000 dhams (at that time about £1,000) so I went to Beirut and spent 8,000 dirhams getting someone to draw up the plans. I arrived back in Dubai the same morning the competition closed—and we won it. From there I just hired more people."

Abdulla never did get back to the United States to take his master's degree. In his first year he made about £700 but it gave him the enthusiasm to continue. The next year he made close to £3,000 and in 1974 Areco made its first million dirhams.

The list of work is as impressive as his earnings. Among more than 500 projects that the company has handled are the new British Bank of the Middle East offices in Deira, the Dubai Chamber of Commerce Building, 21 flats in Abu Dhabi and a host of palaces. One of his prestige projects, the Dubai Airport Hotel, will be completed in August.

There are now more than 200 staff employed in the UAE and another 100 in London and Houston. Next he hopes to open an office in Saudi Arabia.

Abdulla Al Moosa has proved that you do not have to be a merchant to make money.

## Pearling fleet launched diverse and influential career

He points to the hundreds of pink markers on the large map of The Gulf which adorns his office. "They are the pearling grounds", he says proudly, "and I could name every one of them. We even used to be able to find them in the dark."

Saif Ahmed al-Ghurair takes great delight in recalling the memories of his childhood and the days he spent helping his father in the pearling industry. His first trip on board one of his father's fleet occurred when he was just 10 years old. At the age of 14 he became skipper of his own ship with a crew of 100 men.

Although he is 53, he remembers it as if it happened yesterday and it all seems far removed from the life that he now leads as one of Dubai's top businessmen.

As president of the Dubai Chamber of Commerce and Industry, chairman of the Federation

of Chambers of Commerce and Industry in the UAE, and chairman of some 18 other companies varying from a bank to construction concerns, Saif al-Ghurair rarely has the time to reminisce as much as he would perhaps like to. He fondly refers to his youth as the "good days", and it was undoubtedly those early years which played an important part in moulding his career.

For Saif al-Ghurair the pearling industry was short-lived. As soon as the Japanese cultured pearl began threatening the industry in The Gulf his father, like so many other pearl fishermen, began converting their ships to carry cargo and ply the routes between the Gulf and India. "We would carry dates from Iraq to Bombay and Calcutta and bring back clothes and timber."

As was traditional, the family worked as a unit and when young Saif was able to begin full-time work

for his father, after leaving school, he was soon obliged to make decisions for himself, controlling a part of the family business.

It was he who proved the adventuresome one, tending in search for new trading areas, such as Mogadishu and Mombasa.

After the war, market trends began to change and India again became the primary trade route. Saif al-Ghurair was becoming increasingly successful and his father and one of his brothers, Abdulla—who, he says, "can smell the value of land"—were investing money in property and land in the UAE.

Other ventures were started, such as buying scrap wire rope from the United Kingdom which was sold to fishermen to make nets, and the family became involved in currency and bullion exchange which subsequently led to the formation of their bank, the Bank of Oman. All the

continued on facing page

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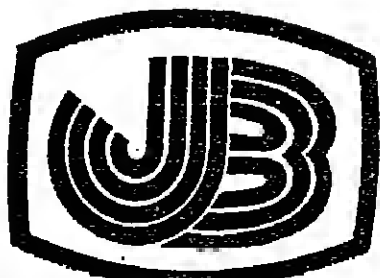
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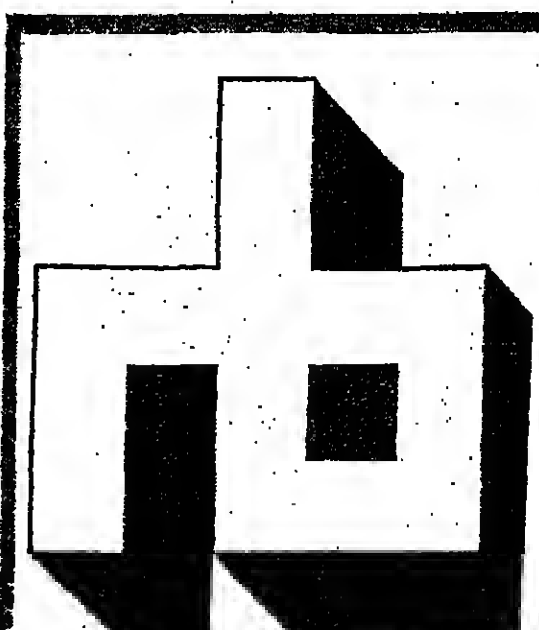
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Aerial view of the Marbella Club, Sharjah. Conforce, which built the club, is a partnership between a Pakistani company and the construction interests of Mr Abdul Rahman Bukharir.

## Self-made man who built his fortune on construction

Abdul Rahman Bukharir sits at the head of a small empire with an annual turnover of excess \$10m. He is a very busy man. He is asked to talk about his life and his success in the construction industry. He has been bankrupt twice. He has made mistakes anyone else would make. He says, "I was born in 1940 at Sharjah and I was a British protectorate and at a time of wartime rationing. As a pearl merchant, his father made enough for his family to live on and for Abdul to be sent away to school at nine years old to Pakistan. 'I came back in 1958 and, I suppose like everyone else, began speculating.' He spent several months working with a number of foreign banks where he was always considered an important person as one of the relatively few people at that time who spoke good English and Arabic and had a head for figures."

"I was only 18 and I suppose I was looking for the shortest cut. I managed to save 10,000 dirhams which I spent opening an electrical equipment shop in Dubai selling such things as ice-cream making machines. 'I was obviously thinking far too far ahead—trying to sell ice-cream cones when nobody had really heard of ice-cream. At the end of three months I had nothing—I was bankrupt.' Back he went to the banks for a short time before being invited by the Sharjah Government to open an office for oil relations, acting as a

liaison between the Government and oil companies looking for concessions in the area. But even this was hardly the way to his fortune. The way to that came in 1964. 'It was the beginning of the re-export business. People would invest their money in different syndicates exporting gold and watches. On a year's average, you couldn't lose.' What was made was nearly always put into buying land and, subsequently, property. 'As the whole area prospered you didn't know it but you were making money all the time.'

By the time Mr Bukharir embarked on another retail venture he had learnt to act cautiously. 'At that time if you wanted to open a shop it was a choice between building materials and foodstuffs. With foodstuffs you would always have the worry that it could go stale before you sold it—I chose building materials.' His formula proved to be successful and the building materials expanded into construction equipment, into air conditioning and, finally, into construction itself. 'I have always worked on the basis that one thing can naturally lead

to another. Once you see the banks are making one much money out of you, you open a bank; likewise, if your insurance is costing too much you open an insurance company.' To safeguard his interests even further and, at the same time, obtain expert knowledge, almost all his businesses have been set up on a partnership basis. Companies such as Conforce, a construction partnership he set up with a Pakistani company, has built the Holiday Inn in Sharjah and the Marbella Club and is working on projects such as the Sharjah Inter-Continental Hotel and another Holiday Inn in Abu Dhabi.

There is Eastern Contracting, which is a partnership with an Indian company; Emine, the air conditioning and electrical company with Pakistani partners; and the National Bank of Sharjah whose shareholders include Citibank, Standard Bank and Mitrani. There is also a long string of smaller companies with British, American and German partners and, in addition, Mr Bukharir is deputy chairman of the Bank of Sharjah.

## Pearling fleet launched diverse and influential career

continued from facing page

trading activities are now carried out under the banner of Emirates Trading Agencies. 'We had to form a separate division for it because we have had to move with the times. It is still an important part of our business but we have become increasingly involved with production companies. There will be a time very shortly when Dubai must be self-sufficient in many things.' During the past three years his investment in such

projects as Dubai's National Cement Company, the National Flour Mills Company, Ghurair and Tarmac Construction, Ghurair Crown Engineering and a host of others has been more than \$150m. Already the eldest of his five sons—the also has seven daughters—sits at his side in his office and plays an active part in the company's affairs. He will never be able to talk about the pearl trade and sailing ships, but it is still a family business and he will be able to reminisce about it.



The smoke chamber and kiln under construction by Costain Process Engineering for Dubai's new cement works. Cement is one of the business interests of Mr Bukharir.



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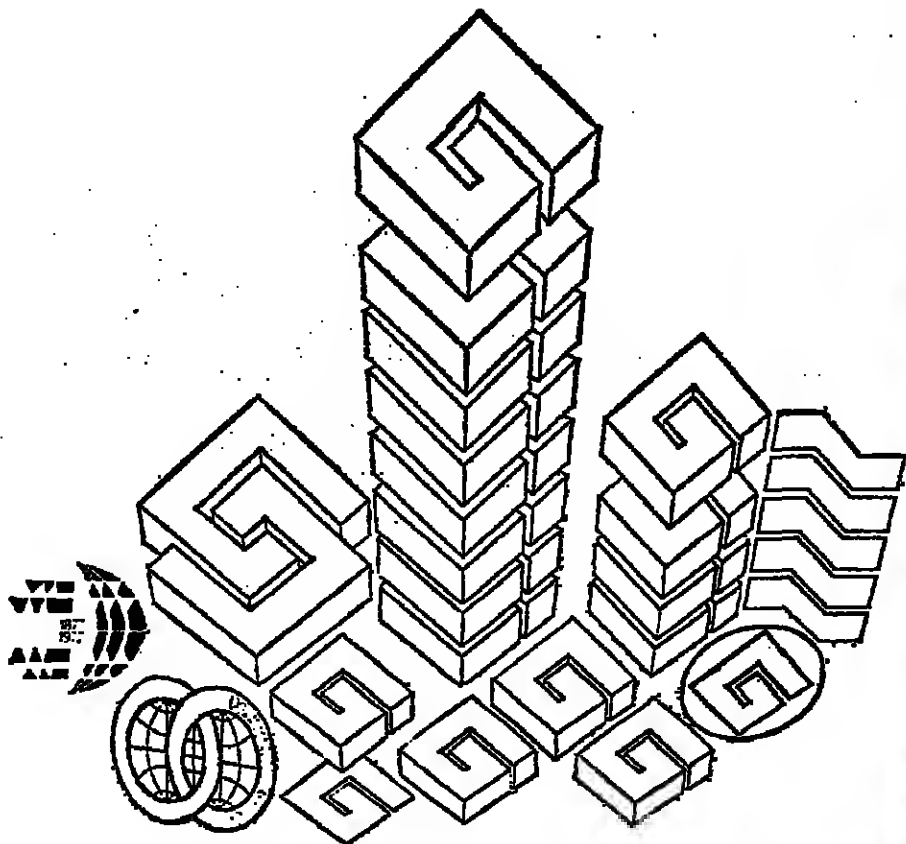
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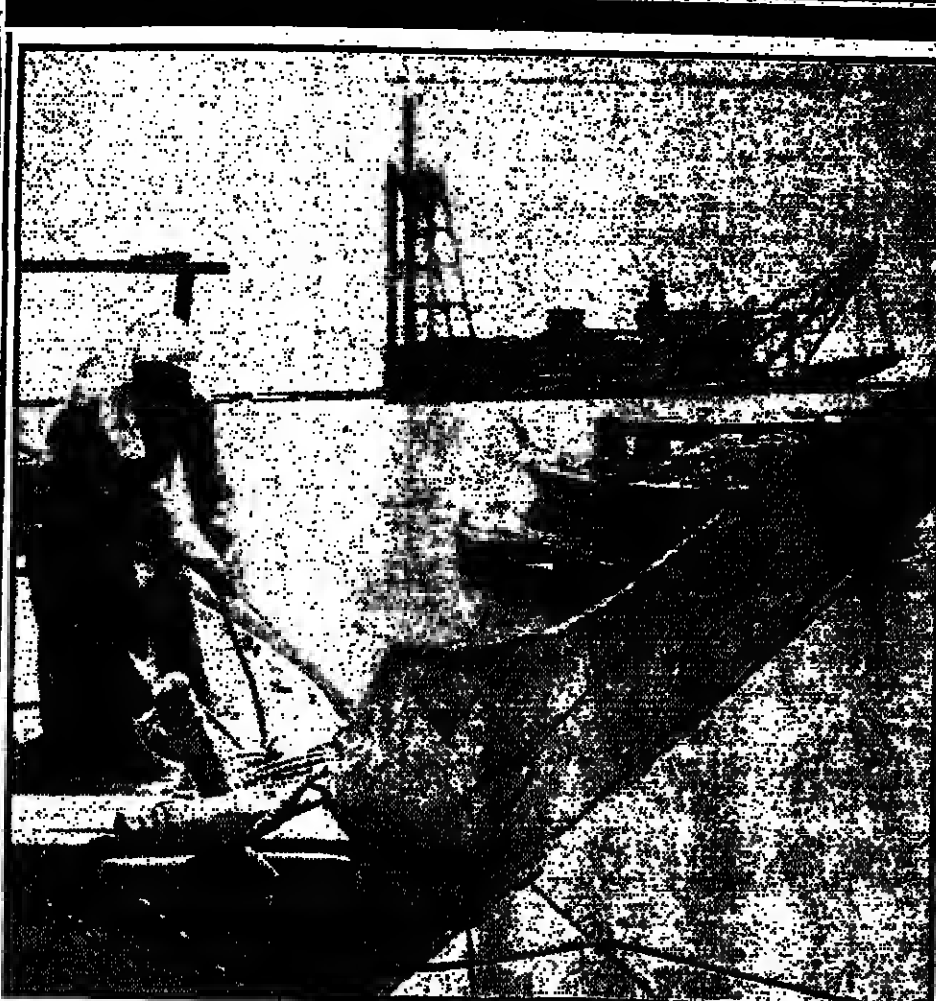
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Umm al Qaywayn draws much of its revenue from a share of Sharjah's modest oil revenue. Most of its plans are centred on housing and office blocks and extension of the creek, although consideration is being given to a new port. Above: a chicken farm at Falaj al-Moalla; centre: local youths on the beach; top: fisherman secures his boat, while a dredger deepens the harbour in the background. Below: carved door of a house earmarked for demolition.

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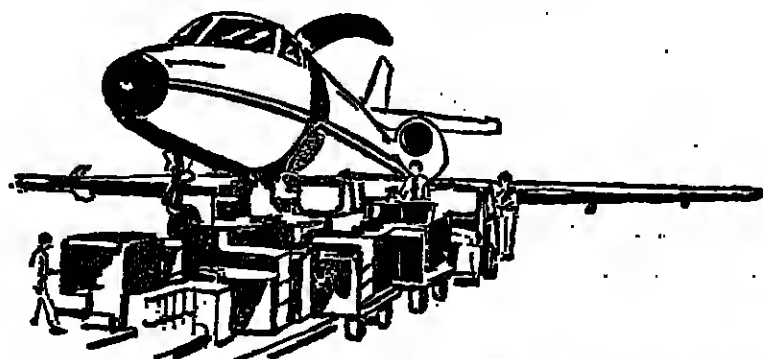
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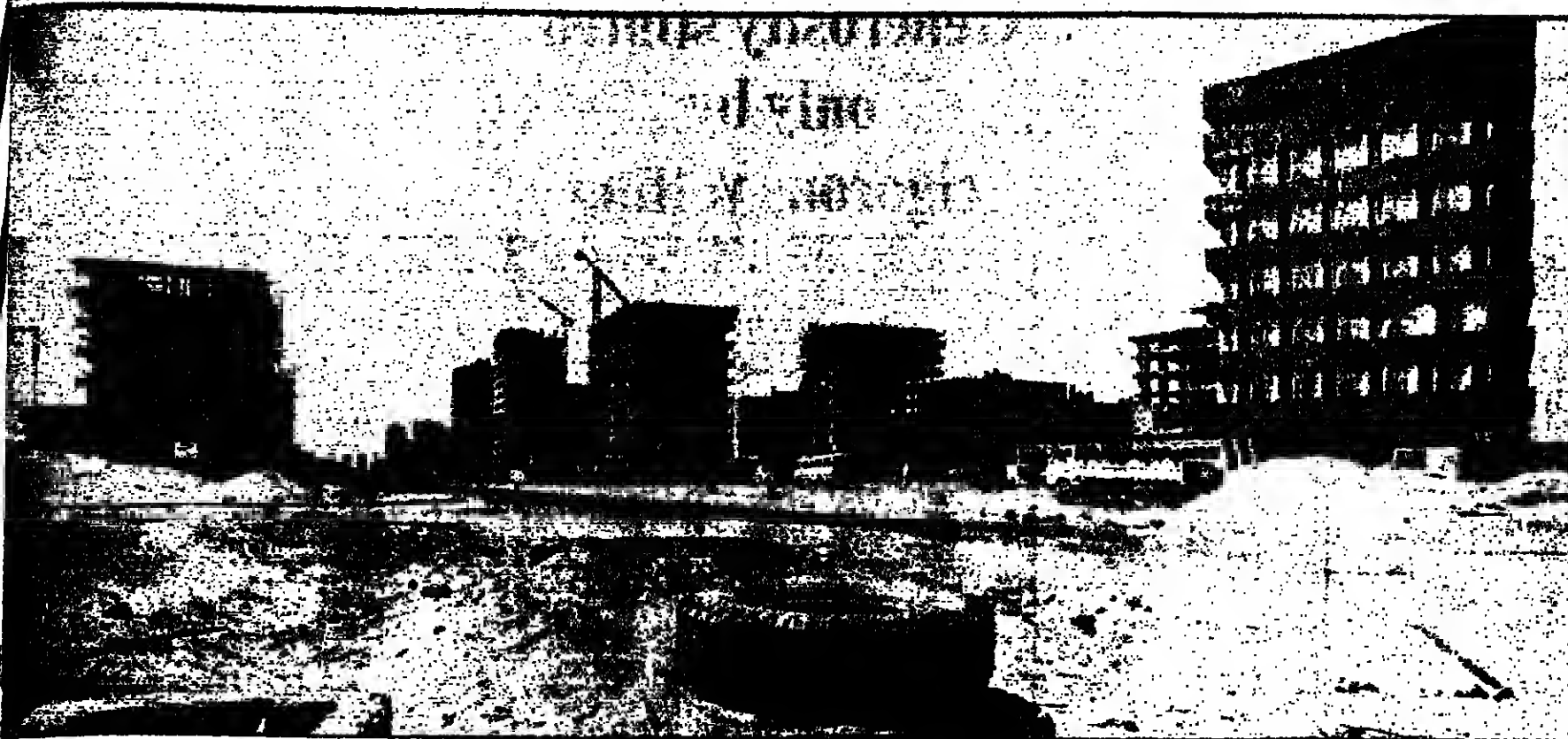
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Dr Rodney Wilson discusses latest developments in the construction industry which involve many ambitious projects by British firms



## Building boom shows no signs of abating

Despite some worries that last year's loss of business confidence would end the construction boom, building activity in the United Arab Emirates shows no signs of entering a permanent recession. A tighter control of bank credit resulted in there being few buildings begun during 1977, but this year the construction industry appears to be more buoyant than ever, and most of those concerned are confident that the market will remain strong into the 1980s.

Meanwhile many of the ambitious projects started during the heady days after the 1973-74 oil-price increases are nearing completion, and the people of the United Arab Emirates can see for the first time exactly what their oil revenue can buy.

The most conspicuous project is undoubtedly the 30-storey Dubai International Trade and Exhibition Centre, the tallest building in the United Arab Emirates. This massive project, like many others in the region, is being undertaken by a United Kingdom firm, Bernard Sunley and Sons. The £50m project, which includes a 335-room hotel, is due to be completed in the latter part of next year.

Not to be outdone by Dubai, Abu Dhabi also has plans for a trade centre, though on a more modest scale, at a cost of £10m. This centre, which will probably be finished after the Dubai complex, was designed by the British architects, Scott, Brownrigg and Turner, and is being built by the National Construction Company of Pakistan. The building will comprise two six-storey towers, built over a shopping centre, the first in the emirates. On the roof of the air-conditioned shopping centre an Arabian garden is planned with plants, fountains, which should appeal to local tastes.

Unfortunately most of the new construction being undertaken in the Gulf states has a taint of speculation. The emirates are starting to resemble bustling North American cities visually and losing their individual architectural identity. There are some notable exceptions, however, the recently completed Sheikh Mohammed bin Zayed building in Abu Dhabi being a notable case. Designed by London firm of architects, Fitzroy, Robinson and Partners, the building has attractive curved arches at ground-floor level which conform with Arab building traditions.

Above this the 15-storey building has massive glass outer walls, which are blue on the outside and clear inside. The walls of blue glass harmonize with the colour of the water in the gulf near by, yet are highly practical, as they were designed by Pilkington Brothers to cut down glare and heat penetration. Inside, the building is equally sumptuous.

Although many of the emirates have first-class office facilities, the Currency Board is at present having to put up with temporary accommodation in the part of the Universal Trade Centre buildings in Abu Dhabi, which, though comfortable enough, is cramped. However, in this way it contains the United Kingdom, is hoped to save on air-conditioning, heating, and cut down fuel costs.

With the new residential headquarters for the board, developments now under construction, the housing needs of the higher paid employees in the United Arab Emirates will soon be eased. Unfortunately, not only the expensive accommodation, but also the housing facilities, but also supply problem for the less well-

paid civil servants, or the construction workers themselves, who comprise half the workers of the country. A familiar sight for the visitor to Abu Dhabi today is the thousands of Pakistani and Indian construction employees who sleep on the pavements at night, as they either cannot or will not pay the high rents demanded for accommodation.

That cannot be allowed to continue, as the governments are well aware. In Sharjah last year rents were frozen by government decree, while in Dubai, the Ruler, Sheikh Rashid, is undertaking the development of lower-cost housing himself. It seems likely that in the future the pattern of construction activity in the emirates will change, with more emphasis on cheaper, simpler, units. That, however, should present the construction industry with a challenge if they try to maintain high standards of design and finish while reducing costs.

Factors. Locally based banks, and the local offices of big multi-national financial institutions, have supplied much of the finance for the construction boom in the United Arab Emirates.

The amounts of finance needed are naturally increasing with inflation, and the largest personal syndicated loan so far, worth \$19m, was granted to Sheikh Suror bin Mohammed al-Nahayan, a nephew of the Ruler of Abu Dhabi, to build the Abu Dhabi Trade Centre. As well as the needs of the clients sponsoring the new building projects, the construction firms themselves require highly specialized banking services. These include performance guarantees, letters of credit and adequate foreign exchange facilities.

Middle East construction procedures present particular difficulties for the banks, because the tendering period being longer in the region than elsewhere, once a tender is granted, the time is generally much shorter before work must start. This allows little time to arrange finance, and guarantees are therefore often sought before tenders are granted. The banks, however, are reluctant to grant such stand-by credits, as they can be costly to arrange in terms of the banking manpower required, yet in the end if the credits are not taken up, there are no returns for the banks concerned.

Last autumn these financial difficulties were discussed at an important conference held in Dubai, sponsored jointly by the monthly magazine *Middle East Construction* and the Dubai Chamber of Commerce and Industry. The conference coincided with a Middle East construction exhibition at which most of the main firms involved in the area were represented. So successful was this event, that a further exhibition is being organized for next year, and it will be held in Dubai from October 29 to November 4. Dubai seems a particularly appropriate venue for a conference of this sort, as it is the location for many of the largest projects being undertaken in the Middle East.

Much of the new construction activity in the United Arab Emirates is concerned with the building of luxury hotels or of high quality residential accommodation. Bernard Sunley and Sons is active in this direction, too, and last December the firm who awarded a £14m contract for the construction of a residential complex for the Abu Dhabi National Oil Company on the Abu Dhabi corniche near the Hilton Hotel.

The contract provides for 153 luxury apartments of up to 2,150 sq ft, together with a supermarket, kindergarten, sports hall, health centre, social club and laundry for the oil company employees.

In January it was announced that Taylor Woodrow International was acting as project controller for another development, in the Dubai residential suburb of Jumeirah, in which 234 executive homes will be built. These are to have a novel system of insulation made up of double-density, foil-faced, glass fibre insulation blankets. The roof vents will be thermostatically controlled to ensure a continuous flow of air circulation in the attic during rather cramped. However, in this way it is hoped to save on air conditioning, heating, and cut down fuel costs.

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familiar sight in Abu Dhabi—half-finished buildings and empty sites their occupants. Centre: the new palace of Shaikh Ahmed, the Ruler of Qaywayn. Above: work at Port Rashid, Dubai, on what will be the dry dock in the world.

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Abu Dhabi gives away 30 per cent of its income in foreign aid. Geoffrey Weston explains the role of the Abu Dhabi Fund for Arab Economic Development and outlines some of the projects it has helped to finance

## Generosity stunted only by rigorous vetting

Last month the presidents of Senegal, Mali and Mauritania arrived in Abu Dhabi for a period of absence together for an official visit. Before they left, President Zayed bin Sultan al-Nahayan, the West African trio were seeking substantial financial aid for two dams on the Senegal river which would irrigate 1,200,000 acres and provide 800 million kW of electricity to power iron mines in Mali and Senegal. Inflation had caused the cost of the project to soar from the original estimate of \$190m to \$300m.

President Goudeau needed cash to bale his little country out of its economic difficulties and to launch small industries aimed at reducing imports. Mr. Mintoff was soliciting a loan for port development at Marsaxlokk. The generosity of Abu Dhabi's aid programme is well known. All UAE foreign aid is paid out of Abu Dhabi's oil surpluses and last year, at \$1,200m, represented 30 per cent of its oil revenues. It is channelled partly through the federal Ministry of Finance, partly through direct handouts from Sheikh Zayed, but principally through the Abu Dhabi Fund for Arab Economic Development (ADFAED), which will ultimately handle 50 per cent of it.

ADFAED is not only a lending agency but also acts as a consultant and data source to the Government on economic and financial matters. It represents the Government in the World Bank, the Arab Fund for Economic and Social Development and similar organizations. It strongly advocates co-ordination between Arab funds, a policy which is now bearing fruit. Last year it organized international talks in Abu Dhabi aimed at setting up a regional technical resources centre, and a further round of talks took place in Riyadh, Saudi Arabia. The fund already cooperates with a wide range of organizations from the Kuwaiti Fund to the Asian Development Bank. It was originally set up in July 1971 with capital of \$120m to help other Arab countries in need. In practice it started in 1973 with 11 projects in eight countries, more than half of the expenditure earmarked for public service projects and the rest on agriculture, tourism and industry. The oil boom raised the capital to \$500m the next year and the scope was widened to include African and Asian countries. Under its terms of reference the fund may not pay out more than 10 per cent of the capital on any one project nor more than 50 per cent of a project's total cost. In special cases these conditions may be waived by a two-thirds majority of the board.



Watering oil palms in Malaysia. Abu Dhabi has lent 17m dirhams to develop the industry in

and Malaysia. In theory the fund adopts no bias of any kind towards its applicants, although in practice other Arab nations still receive the lion's share. South Yemen's Marxism has not prevented UAE participation in two projects in that country. The loan terms are soft, repayments at 3 to 6 per cent plus 1 per cent as a service charge may be spread over 10 to 20 years, but a grace period is allowed for the first three to five years. There are no hard-and-fast rules: interest rates may be reduced or repayments extended. To a limited extent capital may be invested in joint projects and the profits shared, but there is no question of underwriting budget deficits. Investments must generate revenue.

African countries are criticized for inadequate preparation in their applications. Those with comprehensive economic plans are approved, and the fund takes care to note the most important sectors. Sometimes commissioning studies. If a project proves to be invalid then studies would normally be awaited. Although one of the fund's spokesmen emphasizes the importance of evaluation of projects, the fund's prisingly no ability to repay a loan and the interrelationship of a country's economic sectors, including the financial, economic and social aspects of each proposal. Some technical aid may be provided, but although mostly it takes the form of cash pay

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Some reflections from the last Balance Sheet:-  
Assets, Dh. 3 billion; Deposits, Dh. 2 billion;  
Capital and Reserves, Dh. 96 million; Profits Dh. 46 million.

Branches - present and soon-to-be:-

Domestic --- 27  
Foreign --- Doha (Qatar),  
Cairo (Egypt),  
Karachi (Pakistan),  
London (U.K.).

## From harnessing the Ganges to fostering tourism

### India

Power project  
Loan: 68m dirhams  
Duration: June 1976-January 1996  
Interest rate: 3.5 per cent

Repayment: 30 instalments, half-yearly, from July, 1981. The project aims to generate power from the Ganges river for rural development projects in north-east India to benefit a population of 85 million. The power will provide electric lighting and industry and will pump underground water to farming areas with inadequate supplies.

The course of the river to the south of Hardwar will be diverted into a channel 14km long, but will rejoin the main water course at the site of a power station containing three generators. The total cost is 197.2m dirhams of which more than half is allocated for construction and the rest for electrical installations. The fund loan is earmarked for the latter.

### Syria

Electrical coordination centres  
Loan: 52m dirhams  
Duration: September 1974-September 1993  
Interest rate: 4.5 per cent  
Repayment: 30 instalments, half-yearly, from March 1979

These units direct and control power distribution and guarantee needs at any required location by computer. They make the best use of power stations and restore power as quickly as possible in the event of failure. The project is part of an integrated plan to increase electrical power and improve efficiency. It entails building a main power station, switches and transmission lines. Two main centres are being provided, one in Damascus and one in Aleppo, and regional centres in the same two cities as well as Hama. The total cost is 65m dirhams.

### South Yemen

Geology survey of Jobar district and coastline  
Loan: 6.58m dirhams  
Duration: April 1976-June 1989

Interest rate: 2 per cent  
Repayment: 10 instalments, half-yearly, from June 1980. The first phase consists of a detailed study to prepare maps and a geological, geochemical and geophysical survey in Masbeer and Jobar, copper mines in Jobar valley and black sands on the beaches to evaluate the economic value of any minerals.

The project employs three groups of technicians and executives. The field groups require transport and equipment, including instruments for geochemical studies, analysis and X-ray photography. Other equipment is required for studying minerals and drilling.

### Sudan

Cotton spinning plant  
Loan: 80m dirhams  
Duration: July 1976-October 1988

Interest rate: 4.5 per cent  
Repayment: 20 instalments, half-yearly, from April 1979. The plant, in the Hadj Abdullah district, is intended to manufacture 7,700 tons a year for local consumption and 2,650 for export. The plant is to contain spinning machines, a laboratory and a workshop and will be equipped with electrical and fire-fighting equipment, air conditioning, internal transport and offices. The loan represents 57 per cent of the total cost (26m dirhams).

### Tunisia

Northern Sousse tourist development  
Loan: 20.7m dirhams  
Duration: December 1974 - October 1989  
Interest rate: 5 per cent  
Repayment: 20 instalments, half-yearly from April 1980.

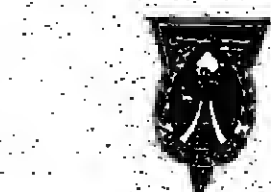
North of Sousse a development occupying 270 acres will be of fundamental importance to the future of the tourist industry. It will include an hotel, flats and houses for sale to foreign investors, a marina, golf course and parks. A development company in charge of the plan is offering the rest of the land to local owners provided the revenue is invested in suitable housing while the Tunisian Government will provide basic services. The total cost is 105m dirhams and in addition to the loan the fund is investing 12m dirhams in the project.

We might be small but we always think big.

CYPRUS AIRWAYS	TRIP	DATE
10/01/80	TRIP	10/01/80
20/01/80	TRIP	20/01/80
30/01/80	TRIP	30/01/80
40/01/80	TRIP	40/01/80
50/01/80	TRIP	50/01/80
60/01/80	TRIP	60/01/80
70/01/80	TRIP	70/01/80
80/01/80	TRIP	80/01/80
90/01/80	TRIP	90/01/80
100/01/80	TRIP	100/01/80

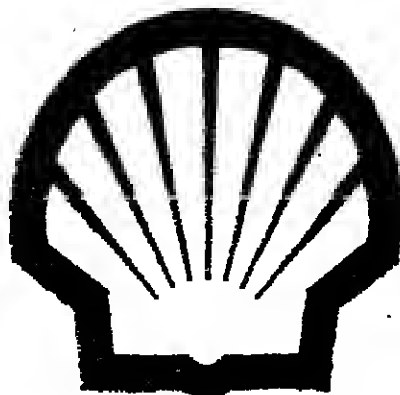
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THE SUDAN IN THE GULF



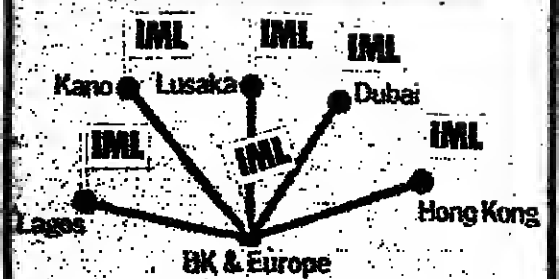
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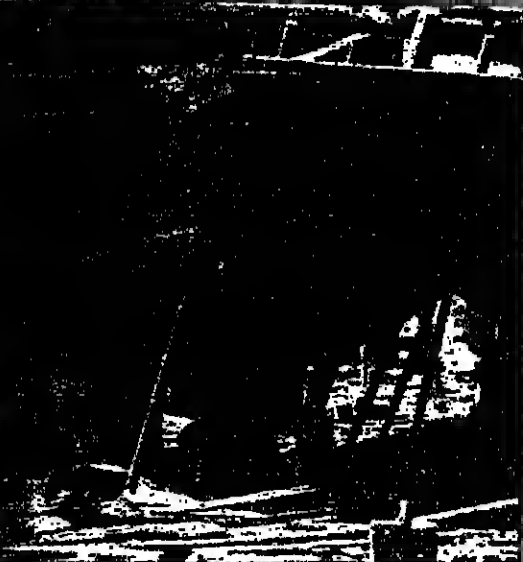
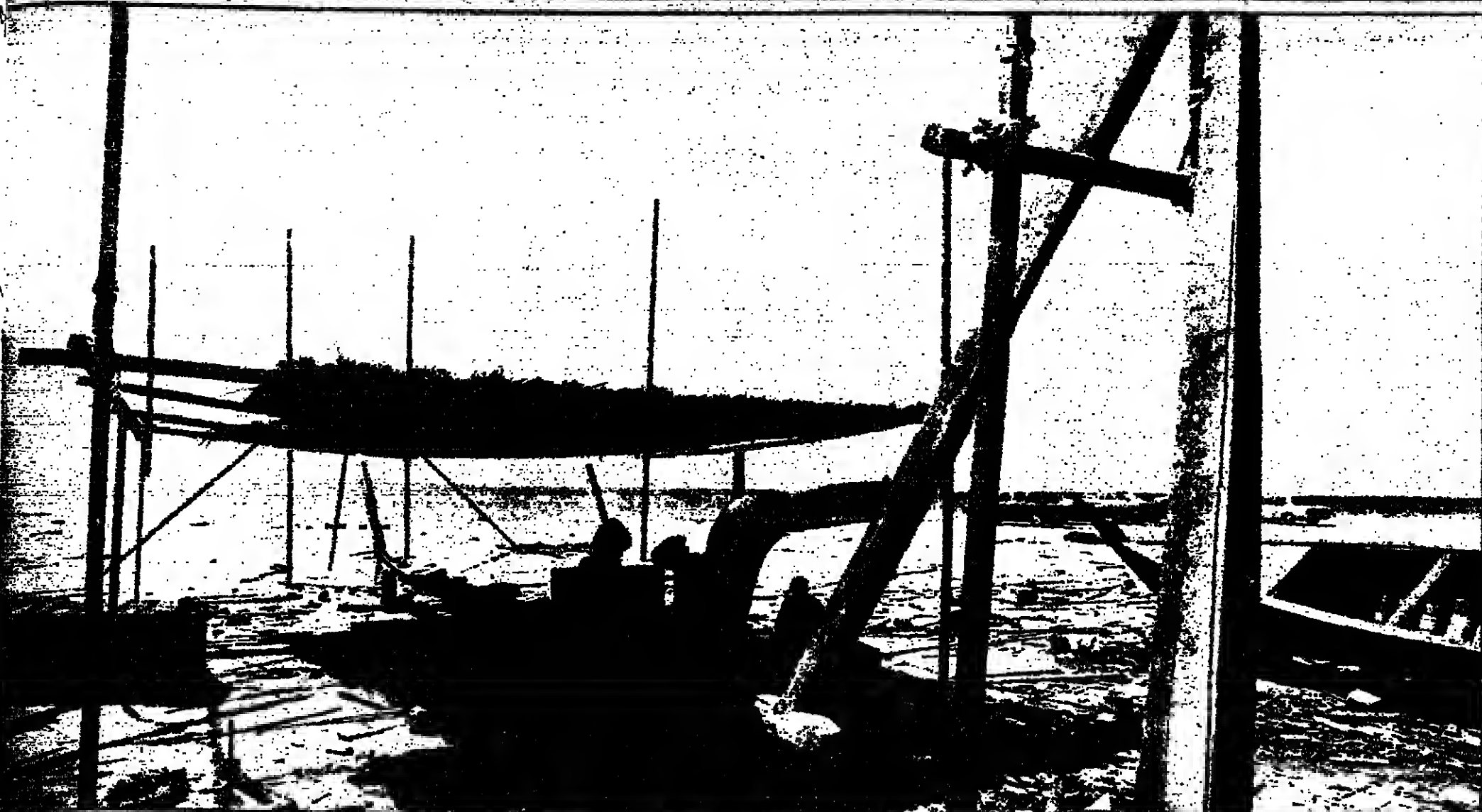
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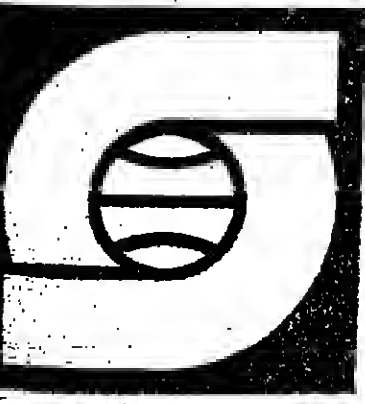
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the smallest of the emirates and has prospered mainly because of its low housing rents and close proximity to the commercial of Sharjah. Plans include an extension to the small port and an ambitious garden city. As these pictures show, many traditional of life continue. Making wire fish traps on the left. The ancient art of Dhow building can be seen in the pictures at the left and top. At the right axe-wielding fishermen chop up shark fins for Japan. Below: shipping in the creek.

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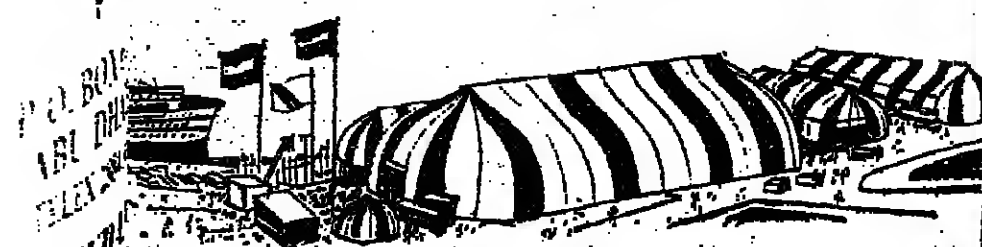
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Geoffrey Weston presents a profile of Ras al Khaymah, most northerly of the emirates, and talks to its controversial Ruler Shaikh Saqr

## Fierce independence moulds a folk hero

Little more than 10 years ago Ras al Khaymah was a low, dusty drive by Land-Rover from Dubai. It is now barely one and a half hours by an excellent road, nearly all of it a dual carriageway. In the final stages the landscape changes considerably: the flat sandy plain punctuated by occasional wandering camels giving way to a greener landscape of scrub and cultivation with a backdrop of rugged mountains.

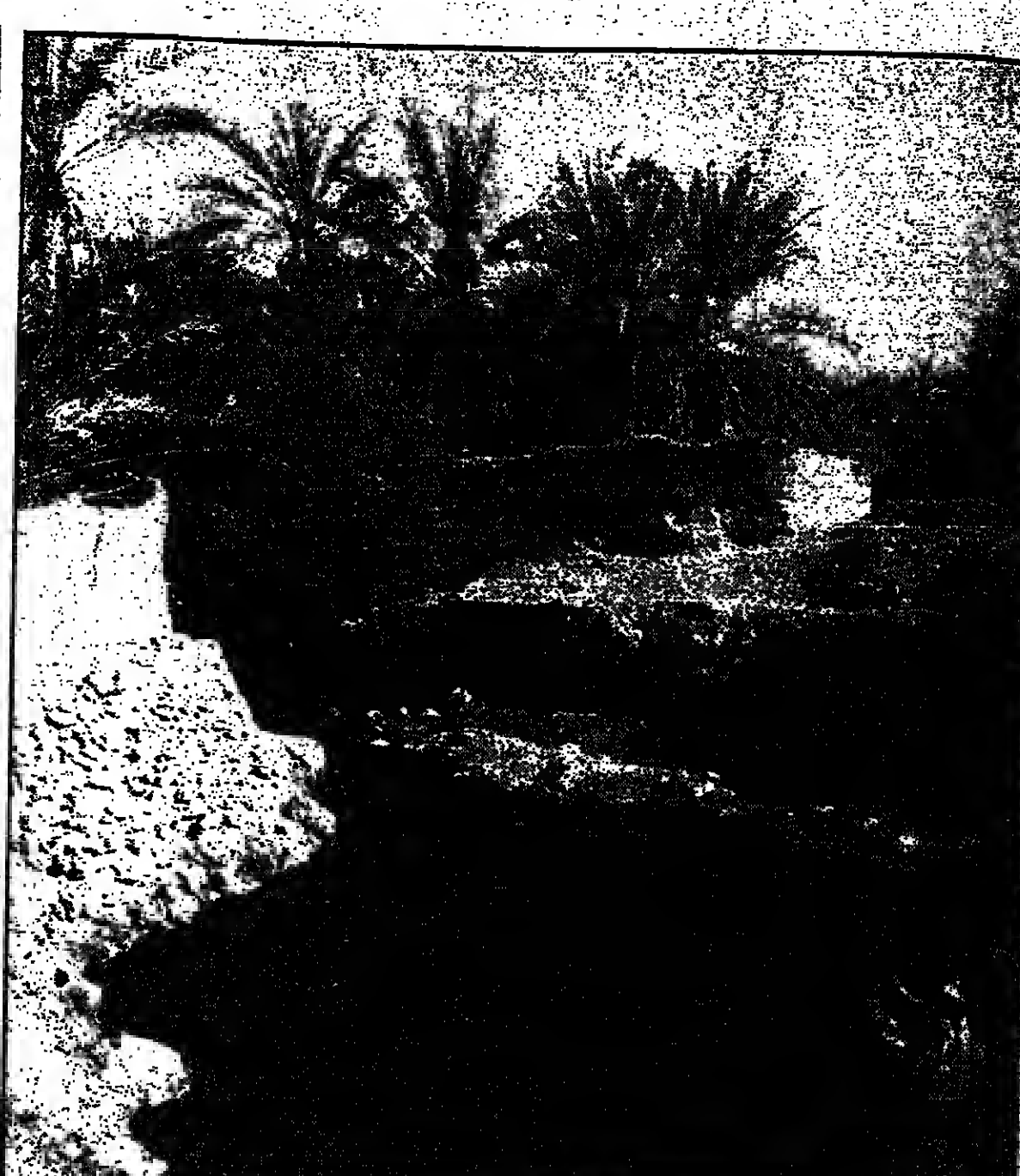
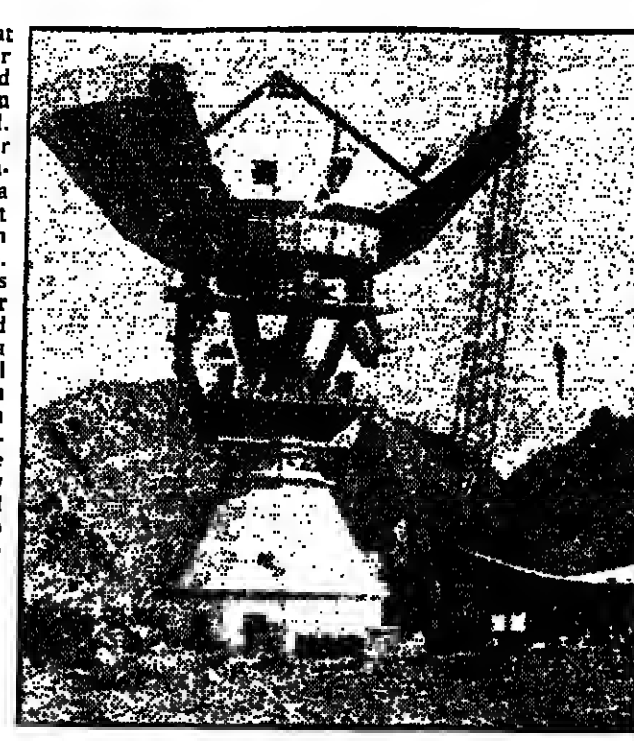
Shaikh Saqr has been Ruler since 1948 and he is immensely popular with both his own people and expatriates, who together total about 70,000. His wily defence of local interests and his fierce independence have won him something of the reputation of a folk hero. When the United Arab Emirates was formed he initially declined to join but changed his mind three months later when it was clear that there was no immediate prospect of finding substantial oil reserves.

Offshore exploration has continued and may do so for another five years. Some of the deepest drilling in the Gulf has yielded 6,000 barrels a day of light crude, but no storage facilities have been built until the prospects improve.

In an interview with *The Times*, Shaikh Saqr made no secret of his disenchantment with the way the federation is working. He accepts that strength arises from unity, but claims that the federal administration has not been as generous as people in Ras al Khaymah had expected. Neither the funds nor the technical advice for development have been forthcoming. One adviser quoted customs control and postal services as two sectors that have been yielded to federal control without any revenue in return.

On the eve of independence the Shah of Iran sent troops to occupy the two Tunb islands, which are peopled by Shaikh Saqr's tribe, the Qasim, all of whom were expelled to Ras al Khaymah.

Neither the British, who were theoretically still responsible for defence for a few more hours, nor the federal Government have taken any effective steps to



Shaikh Saqr and, top, the earth communications satellite station under construction. Right: the hot springs at Khatt which will form the centre of a new spa complex.

embarked from a ship offshore and travelled in a smaller boat by a canal connecting sea and palace, although its line has not been firmly established. At strategic points along the coast stand a number of

stone towers built in the early nineteenth century to give warning of the approach of English ships sent by the East India Company in revenge for attacks by the people of Ras al Khaymah. Their historical interest is unfortunately not appreciated by the Beduin, who occasionally help themselves to the stones to build their own homes. The most important archaeological remains are mark with two prestige projects clearly in anticipation of an economic boom, which next month there will be two

# "How the National Bank of Abu Dhabi has faced up to the challenge of operating within a rapidly growing economy, and expanded its activities both domestically and internationally"

## Balance Sheet at 31st December 1977

Expressed in U.A.E. Dirhams. (US \$1 = Dirham 4 approximately)

### ASSETS

Cash, balances with banks and money at call and short notice	8,651,260,142	4,415,726,387
Deposits with banks	1,507,634,482	1,682,885,587
Investments	938,937,122	39,718,502
Advances, loans and other accounts (less: provision for bad and doubtful debts)	2,705,163,420	1,103,657,735
Debtors and prepayments	164,711,850	100,617,472
Fixed assets	32,508,961	20,466,655
Preliminary expenses	5,488,349	4,090,970

	1977	1976
	Dh 14,005,704,326	Dh 7,367,163,308

### LIABILITIES

#### Share Capital

Authorised, issued and fully paid 1,000,000 ordinary shares of Dh 100 each	100,000,000	100,000,000
Reserves		
Capital reserve	7,000,000	7,000,000
Contingency reserve	15,000,000	—
General reserve	70,000,000	20,000,000
Retained profit	323,746	509,128

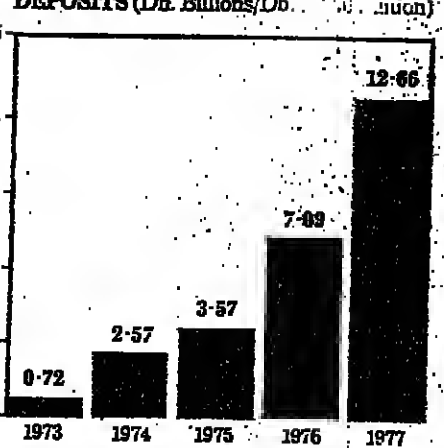
#### Shareholders' Interest

Subordinated long term loan from the majority shareholder	192,323,746	127,509,128
Government loans	779,800,000	—
Current, deposit and other accounts	153,750,000	4,500,000
Proposed dividend	12,659,678,660	7,093,961,938
Creditors and provisions	25,000,000	25,000,000
	195,151,920	116,192,242

	Dh 14,005,704,326	Dh 7,367,163,308
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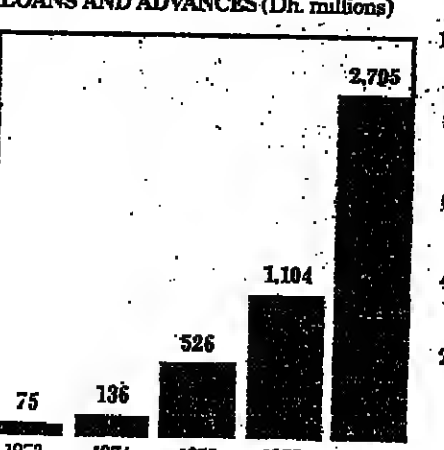
### Five Year Record

DEPOSITS (Dh. Billions/Dh. million)

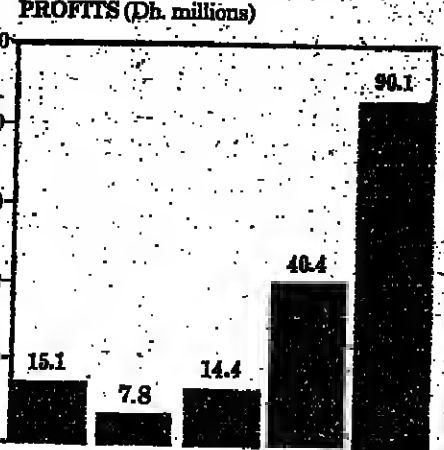


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